Trust Fund Grant Agreement
(Hebron Regional Wastewater Management Project-Phase I)

between

PALESTINE LIBERATION ORGANIZATION
(for the Benefit of the Palestinian Authority)

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Trust Fund for Gaza and West Bank

Dated November 23, 2015
AGREEMENT dated November 23, 2015, entered into between:
PALESTINE LIBERATION ORGANIZATION ("Recipient") (for the benefit of the Palestinian Authority); and INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as Administrator of the Trust Fund for Gaza and West Bank ("World Bank"), established on October 19, 1993, by Resolution No. 93-11 and IDA 93-7, as amended by Resolution No. 95-6 and IDA 95-3 and Resolution No. 96-11 and IDA 96-7, and as further amended by Resolution No. 99-3 and IDA 99-2 and Resolution No. 03-193 and IDA 03-208 of the Executive Directors of the International Bank for Reconstruction and Development and the International Development Association ("Trust Fund").

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development and the International Development Association has resolved, on June 23, 2014, inter alia, replenish the Trust Fund in the amount of fifty-five million dollars ($55,000,000), such amount to be transferred from the surplus of the International Bank for Reconstruction and Development and to be used for financing rehabilitation projects in parts of the Gaza Strip ("Gaza") and the West Bank (the "West Bank"), which are under the jurisdiction of the Palestinian Authority;

(B) the Palestine Liberation Organization and the Government of the State of Israel have entered, on September 28, 1995, into an agreement which, among other things, sets out certain interim self-government arrangements in Gaza and the West Bank ("Interim Agreement");

(C) Section 5(b) of Article IX of the Interim Agreement authorizes the Palestine Liberation Organization to conduct negotiations and, in certain cases described thereunder, sign agreements with states and international organizations for the benefit of the Palestinian Authority; and

WHEREAS the World Bank has agreed, on the basis, among other things, of the foregoing to extend the Grant to the Palestine Liberation Organization, for the benefit of the Palestinian Authority, for the purpose of financing the project as described in Schedule 1 to this Agreement (the "Project") upon the terms and conditions set forth in this Agreement.

The Recipient and the World Bank hereby agree as follows:
Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section II of the Appendix to this Agreement, constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause the Palestinian Authority to carry out the Project through the PWA and the Hebron Municipality in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

Article III
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million five hundred thousand United States Dollars ($4,500,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) (i) Subject to sub-paragraph (ii) of this paragraph: (A) the right to withdraw the proceeds of a Co-financing has been suspended,
canceled or terminated in whole or in part, pursuant to the terms of a Co-financing Agreement; or (B) a Co-financing has become due and payable prior to its agreed maturity; and

(ii) Sub-paragraph (ii) of this paragraph (a) shall not apply if the Recipient establishes to the satisfaction of the World Bank that: (A) such suspension, cancellation, termination or prematuring was not caused by the failure of the Recipient of the Co-financing to perform any of its obligations under the Co-financing Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient’s obligations under this Agreement.

(b) The World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient’s right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

4.02. The effectiveness deadline for the EC Co-financing Agreement is July 1, 2015

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied in a manner and in form and substance satisfactory to the World Bank:

(a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental and/or corporate action.

(b) The Subsidiary Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Palestinian Authority.

(c) The AFD Co-financing Agreement has been executed and declared effective.

(d) A Memorandum of Understanding between Hebron Municipality and PWA referred to in Section I.B.3 of Schedule 2 to this Agreement has been executed on behalf of the Hebron Municipality and the PWA.
(e) The Recipient has caused PWA to adopt a Project Implementation Manual, in form and substance, satisfactory to the World Bank.

5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

(a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and

(b) the Subsidiary Agreement referred to in Section LA of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and the Palestinian Authority and is legally binding upon each such party in accordance with its terms.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance of the Palestinian Authority.

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Palestinian National Authority
Ramallah, West Bank and Gaza
6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at __________________, __________________, as of the day and year first above written.

PALESTINE LIBERATION ORGANIZATION
(for the Benefit of the Palestinian Authority)

By

Authorized Representative

Name: Shukri Baharar
Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as Administrator of the Trust Fund for Gaza and West Bank)

By

Authorized Representative

Name: Steen Jorgensen
Title: Country Director
SCHEDULE 1

Project Description

The objective of the Project is to reduce the environmental pollution from wastewater produced in the Hebron Municipality.

The Project consists of the following parts:

Part A: Wastewater Treatment Infrastructure

1. Design and construction of the Hebron regional wastewater treatment plant (HR WWTP) providing secondary treatment with a design capacity of about 15,000 cubic meters per day.

2. Financing of engineering services to supervise HR WWTP and related infrastructure construction.

Part B: Sustainable Management, Operation and Maintenance of HR WWTP

1. Supporting the HR WWTP’s operation and maintenance.

2. Provision of technical assistance to the Hebron Municipality to manage the HR WWTP’s operation and maintenance, introduce wastewater tariffs, implement water and wastewater tariff reforms, improve the collection of fees, and increase the financial revenue of the sector towards cost recovery.

Part C: Project Management, Monitoring and Evaluation, and Master Plan Implementation Planning

1. Strengthening of the PWA’s capacity for Project management, monitoring and evaluation through provision of consulting services, including audit, Training and financing of the PMU Incremental Operating Costs.

2. Provision of technical assistance and Training for the establishment and operation of the Technical Operations Unit within the Hebron Municipality and financing the TOU Operating Costs.

3. Provision of technical assistance to design a proposed Hebron Municipal Wastewater Management Project Phase II.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Palestinian Authority under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Palestinian Authority, under terms and conditions approved by the World Bank.

2. The Recipient shall cause the Palestinian Authority: (i) to perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority therein set forth; (ii) to take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the Project; and (iii) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Institutional Arrangements

1. The Recipient, through the Palestinian Authority, shall cause the PWA to maintain overall responsibility for the Project, including adequate compliance with the World Bank’s fiduciary requirements and to carry out the Project through the PWA’s Project Implementation Unit, all in accordance with the Project Implementation Manual and shall not amend, suspend, abrogate, repeal or waive any provision of the Project Implementation Manual without prior approval of the World Bank.

2. The Recipient, through the Palestinian Authority, shall cause the PWA to maintain the Project Implementation Unit in a form and with functions, staffing and resources satisfactory to the World Bank, including specialists in procurement, financial management, and accounting. The Project Implementation Unit shall have responsibility for the fiduciary oversight, including procurement and financial management, of the Project, in accordance with the Project Implementation Manual.
3. The Recipient shall cause the Hebron Municipality and the PWA to enter into a Memorandum of Understanding, setting out, *inter alia*, detailed roles and responsibilities of each party during the duration of Project implementation and site leasing and ownership arrangements for HR WWTP.

C. **Project Documents**

1. The Recipient shall cause the PWA and the Hebron Municipality to implement the Project in accordance with the Project Implementation Manual, setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, *inter alia*:

   (a) detailed description of Project and institutional arrangements for implementing the Project;
   
   (b) the provisions of the ESCHIA and the ESCHMP;
   
   (c) disbursement, financial management, auditing and procurement procedures for the Project; and
   
   (d) monitoring, evaluation, reporting, and governance procedures for the Project.

2. In the event that any provision of the Project Implementation Manual shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail. The Recipient shall not amend the Project Implementation Manual without the World Bank's prior written approval.

D. **Safeguards**

The Recipient, through the Palestinian Authority, shall cause PWA: (i) to carry out the Project in accordance with the ESCHIA and the ESCHMP; (ii) not to amend, suspend, abrogate, repeal or waive any provision of the ESCHIA and the ESCHMP without prior concurrence of the World Bank; and (iii) to monitor the implementation of the ESCHMP and report to the World Bank as part of Project Reports on its compliance with the ESCHMP during the Project implementation.

E. **Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”).
F. Annual Work Plans and Budgets

1. The Recipient shall furnish to the World Bank for approval as soon as available, but in any case not later than January 31 of each year, the annual work plan and budget for the Project, covering the activities proposed for the subsequent year of Project implementation; which plan and budget shall be of such scope and detail as the World Bank shall have reasonably requested.

2. The Recipient thereafter shall ensure that the Project is carried out in accordance with such plan and budget as agreed with the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through the Palestinian Authority, shall cause the PWA to monitor and evaluate the progress of the Project and prepare, through the Project Implementation Unit, Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. The Recipient, through the Palestinian Authority, shall cause PWA to prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than two months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.
Section III. **Procurement**

A. **General**

1. **Procurement and Consultant Guidelines.** All goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(a) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014), with the modifications set forth in Section II of the Appendix to this Agreement, (“Procurement Guidelines”) in the case of goods, works and non-consulting services, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014) (“Consultant Guidelines”) in the case of consultants' services; and

(b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. **Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; and (c) Direct Contracting.
3. The procedures to be followed for National Competitive Bidding under paragraph 2 above shall include the following additional provisions:

(a) public enterprises in parts of the West Bank and Gaza under the jurisdiction of the Palestinian Authority shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Palestinian Authority;

(b) foreign bidders shall be eligible to participate under the same conditions as local bidders. In particular, no preference over foreign bidders shall be granted to local bidders in bid evaluation;

(c) invitations to bid shall be advertised on at least two (2) consecutive days in a local newspaper of wide circulation, and prospective bidders shall be allowed a minimum of thirty (30) days between the date on which the notification appears for the first time and the deadline for bid submission. With the specific approval of the World Bank, this minimum period of thirty (30) days may be reduced to a minimum period of ten (10) days in the case of emergency operations;

(d) until standard bidding documents acceptable to the World Bank have been introduced by the Recipient, the standard bidding documents of the World Bank shall be used;

(e) qualification criteria shall be clearly specified in the bidding documents, and all criteria so specified, and only criteria so specified, shall be used to determine whether a bidder is qualified. Bids of bidders not meeting such criteria shall be rejected as non-qualified. The fact that a bidder meets or surpasses the specified qualification criteria shall not be taken into account in the evaluation of such bidder's bid;

(f) evaluation criteria shall be clearly specified in the bidding documents, and all evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only criteria so specified, shall be used in bid evaluation. Merit points shall not be used in bid evaluation;

(g) if classification of contractors is required, contractors that have not yet been classified but meet the required qualifications shall be enabled to obtain the necessary classification during the bidding procedure. Any contractor that has been classified in a class higher than the lowest class shall not be restricted to bidding in his own class but shall be eligible also to bid in any lower class;
(h) bids shall be submitted in sealed envelopes and shall be accepted whether mailed or hand-carried;

(i) bids shall be opened in the presence of bidders who wish to attend, and immediately after the deadline for bid submission. Said deadline, and the place of bid opening, shall be announced in the invitation to bid. The name of each bidder, and the amount of his bid, shall be read aloud and recorded when opened in the minutes of bid opening. The minutes of bid opening shall be signed by the members of the bid opening committee immediately after bid opening;

(j) bids received after the deadline for bid submission shall be returned to the bidders unopened;

(k) a bid containing material deviations from or reservations to the terms, conditions and specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened;

(l) the bid evaluation shall be carried out in strict adherence to the criteria specified in the bidding documents, and the contract shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid;

(m) a bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify his bid as originally submitted; and there shall be no post-bidding negotiations with the lowest or any other bidder.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.
D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Financing Allocated (expressed in US Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works, non-consulting services, consultants’ services, Training, PMU Incremental Operating Costs, and TOU Operating Costs</td>
<td>3,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Refund of Preparation Advance</td>
<td>600,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>4,500,000</td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments for Eligible Expenditures under the Category 1 if said Eligible Expenditures have been financed by other financers, including ADF and EC.

3. The Closing Date referred to in Section 3.06 (e) of the Standard Conditions is December 31, 2022.
Definitions and Modifications to the Standard Conditions and to the Procurement Guidelines

Section I. Definitions


2. “AFD Co-financing Agreement” means the agreement to be executed between the AFD and the Palestinian Authority providing for a Co-financing to assist in financing the Project, and referred to in Section 5.01(c) of this Agreement.

3. “Co-financier” means AFD or EC, as the case may be, and “Co-financiers” means jointly AFD and EU.

4. “Co-financing” means the grant provided or to be provided by the AFD or the EC under their respective Co-financing Agreement to assist in financing the Project.

5. “Co-financing Agreement” means the AFD Co-financing Agreement or the EC Co-financing Agreement, as the case may be, and “Co-financing Agreements” means jointly the AFD Co-financing Agreement and the EC Co-financing Agreement.

6. “ESCHIA” means the Environmental, Social and Cultural Heritage Impact Assessment prepared by the PWA for the purposes of the Project and publicly disclosed on July 19, 2013 and re-disclosed on October 1, 2014, describing the environmental, social and cultural heritage impact of the Project, as well as the set of mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the Project to mitigate adverse environmental, social and cultural heritage impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts; as the said assessment may be amended from time to time with the prior concurrence of the World Bank.

7. “ESCHMP” means the Environmental, Social and Cultural Heritage Management Plan which constitutes a part of the ESCHIA and describes mitigation, enhancement, monitoring, and institutional measures to be taken during implementation of the activities under the Project to mitigate adverse environmental, social and cultural heritage impacts, offset them, or reduce them to acceptable levels, or to enhance positive impacts, as the said plan may be amended from time to time with the prior written concurrence of the World Bank.

9. "EC Co-financing Agreement" means the agreement to be executed between the EC and the Palestinian Authority providing for a Co-financing to assist in financing the Project, and referred to in Section 4.02 of this Agreement.


11. "Memorandum of Understanding" means the memorandum of understanding to be entered into between the Hebron Municipality and the PWA pursuant to the provisions of Section 5.01 (d) of this Agreement.

12. "Palestinian Water Authority" or "PWA" means the Palestinian Water Authority of the Palestinian Authority or any successor thereto.

13. "PMU Incremental Operating Costs" means incremental operating costs incurred by the Project Implementation Unit on account of Project implementation, management and monitoring, including office maintenance, office supplies and utilities, translation and interpretation, printing and advertising, communication costs, transportation and travel, salaries of Project Implementation Unit staff and any other miscellaneous costs directly associated with the Project implementation all based on periodic budgets acceptable to the World Bank.

14. "Procurement Plan" means the procurement plan dated September 26, 2014, as updated from time to time, prepared by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines.

15. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on October 17, 2011 and on behalf of the Recipient on October 17, 2011.

16. "Project Implementation Manual" means the manual to be adopted by the PWA and the Hebron Municipality, pursuant to the provisions of Section 5.01(e) of this Agreement setting forth the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements), procurement procedures and other fiduciary and administrative arrangements, as well as institutional arrangements, consistent with the provisions of this Agreement and applicable laws and regulations of the Recipient, as the same may be amended from time to time upon approval by the World Bank.
17. "Project Implementation Unit" or "PIU" means the project implementing unit established within the Palestinian Water Authority for day-to-day Project implementation and referred to in Section I.B of Schedule 2 to this Agreement.

18. "Subsidiary Agreement" means the agreement referred to in paragraph 1 of Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Palestinian Authority.

19. "Technical Operations Unit" or "TOU" means the Technical Operations Unit to be established within the Hebron Municipality for the purposes of implementing the activities to be implemented by the Hebron Municipality.

20. "TOU Operating Costs" means incremental operating costs incurred by the TOU on account of Project implementation, management and monitoring, including office maintenance, office supplies and utilities, translation and interpretation, printing and advertising, communication costs, transportation and travel, salaries of TOU staff and any other miscellaneous costs directly associated with the Project implementation all based on periodic budgets acceptable to the World Bank.

21. "Training" means Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers' contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers' fees, and other training related miscellaneous costs.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified to read as follows:

1. Section 2.09 is amended to read as follows:

   "Section 2.09. Visits. The Recipient shall, throughout the implementation of the Project and for a period of ten (10) years thereafter:

   (a) enable representatives of the World Bank to visit any part of the West Bank and Gaza under the jurisdiction of the Palestinian Authority for purposes related to the Grant; and

   (b) enable the World Bank's representatives: (i) to visit any facilities and sites included in the Project; and (ii) to examine the goods financed out of the proceeds of the Grant, and any documents relevant to the performance of its obligations under the Grant Agreement."

2. Sub-section (a) of Section 3.07 is amended to read as follows:

   "Section 3.07. Financing Taxes.
(a) The Grant Agreement may specify that the proceeds of the Grant may not be withdrawn to pay for Taxes levied by, or in the parts of West Bank and Gaza under the jurisdiction of the Palestinian Authority on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the World Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant specified in the Grant Agreement, as required to ensure consistency with such limitation on withdrawals.”

3. Sub-sections (a) and (h) of Section 4.02 are deleted, and consequently, Sub-sections (b) through (k) are re-lettered as Sub-sections (a) through (i).

4. Re-lettered Sub-section (b) of Section 4.02 is amended to read as follows:

“(b) Fraud and Corruption. At any time, the World Bank determines that any representative of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any other recipient of any of the proceeds of the Grant) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Grant, without the Recipient (or any such agency thereof or any such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority or any other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

5. Re-lettered Sub-section (c) of Section 4.02 is amended to read as follows:

“(c) Cross Suspension. IBRD or IDA has suspended in whole or in part the right of the Recipient or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient, or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to perform any of its obligations under such agreement or any other agreement with IBRD or IDA.”

6. Re-lettered Sub-section (f) of Section 4.02 is amended to read as follows:

“(f) Assignment of Obligations; Disposition of Assets. The Recipient or any other entity responsible for implementing any part of the Project has, without the consent of the World Bank: (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Grant Agreement; or (ii) sold, leased, transferred, assigned,
or otherwise disposed of any property or assets financed wholly or in part 
on out of the proceeds of the Grant; provided, however, that the provisions of 
this paragraph shall not apply with respect to transactions in the ordinary 
course of business which, in the opinion of the World Bank: (A) do not 
materially and adversely affect the ability of the Recipient (or such other 
entity) to perform any of its obligations arising under or entered into 
 pursuant to the Grant Agreement or to achieve the objective of the Project; 
and (B) do not materially and adversely affect the financial condition or 
operation of the Recipient (or such other entity).”

7. Re-lettered Sub-section (g) of Section 4.02 is amended to read as follows:

“(g) Condition of Recipient. If the Grant has been made to a Recipient which 
is not a member of IBRD:

(i) Any action has been taken for the dissolution, disestablishment or 
suspension of operations of the Recipient (or of any other entity 
responsible for implementing any part of the Project).

(ii) The Recipient (or any other entity responsible for implementing 
any part of the Project) has ceased to exist in the same legal form 
as that prevailing as of the date of the Grant Agreement.

(iii) In the opinion of the World Bank, the legal character, ownership 
or control of the Recipient (or any other entity responsible for 
implementing any part of the Project) has changed from that 
prevailing as of the date of the Grant Agreement so as to 
materially and adversely affect the ability of the Recipient (or such 
other entity) to perform any of its obligations arising under or 
entered into pursuant to the Grant Agreement, or to achieve the 
objective of the Project.”

8. Re-lettered Sub-section (h) of Section 4.02 is amended to read as follows:

“(h) Ineligibility. IBRD or IDA has declared the Recipient ineligible to receive 
proceeds of any financing made by IBRD or IDA or otherwise to 
participate in the preparation or implementation of any project financed in 
whole or in part by IBRD or IDA (including as administrator of funds 
provided by another financier), as a result of: (i) a determination by IBRD 
or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or 
collusive practices in connection with the use of the proceeds of any 
financing made by IBRD or IDA; and/or (ii) a declaration by another 
financier that the Recipient is ineligible to receive proceeds of any 
financing made by such financier or otherwise to participate in the 
preparation or implementation of any project financed in whole or in part
by such financier as a result of a determination by such financier that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by such financier."

9. Sub-section (c) of Section 4.03 is amended to read as follows:

“(c) Fraud and Corruption. At any time, the World Bank determines, with respect to any amount of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any other recipient of the proceeds of the Grant) without the Recipient (or any such agency thereof or any such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any such other recipient of the proceeds of the Grant) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

10. Sub-section (a) of Section 4.05 is amended to read as follows:

“(a) If the World Bank determines that an amount of the Grant has been used in a manner inconsistent with the provisions of the Grant Agreement or these Standard Conditions, the Recipient shall, upon notice by the World Bank to the Recipient, promptly refund such amount to the World Bank. Such inconsistent use shall include, without limitation:

(i) use of such amount to make a payment for an expenditure that is not an Eligible Expenditure; or

(ii) (A) engaging in corrupt, fraudulent, collusive or coercive practices in connection with the use of such amount; or (B) use of such amount to finance a contract during the procurement or execution of which such practices were engaged in by representatives of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or other recipient of such amount of the Grant), in either case without the Recipient (or such agency thereof or such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or other such recipient) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

11. Sub-section (j) of Section 5.03 is amended to read as follows:
"(j) If, within thirty (30) days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Grant Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section."

12. Paragraph (17) of the Appendix is deleted and, consequently, paragraphs (18) through (26) are re-numbered as paragraphs (17) through (25).