Trust Fund Grant Agreement

(COVID-19 Emergency Response Project)

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)
AGREEMENT dated as of the Signature Date between the PALESTINE LIBERATION ORGANIZATION ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Bank"), acting as administrator of the Trust Fund for Gaza and West Bank.

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development and the International Development Association have resolved, on July 8, 2019, to, inter alia, replenish the Trust Fund in the amount of eighty-one million United States Dollars ($81,000,000), 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 ("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

(D) the Recipient has requested the Bank to assist in financing the project described in Schedule 1 to this Grant Agreement (the "Project").

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

The Recipient and the Bank hereby agree as follows:

Article I

Standard Conditions; Definitions

1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the Appendix to 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, through the MoH carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and Schedule 2 to this Agreement.

**Article III**

**The Grant**

3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed five million United States Dollars ($5,000,000) ("Grant") to assist in financing the Project.

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

**Article IV**

**Effectiveness; Termination**

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

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

(b) The Subsidiary Agreement referred to in Section 1.B of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the PA.

4.02. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
4.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article V
Recipient’s Representative; Addresses

5.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Ministry of Finance.

5.02. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient’s address is:

Ministry of Finance of the Palestinian Authority
Ramallah
West Bank

Telephone: 970-2-297 8846
Facsimile: 970-2-297-8845

5.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank’s address is:

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

(b) the Bank’s Electronic Address is:

Telex: 248423 (MCI) or
64145 (MCI)
Facsimile: 1-202-477-6391
AGREED as of the Signature Date.

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

By  

Authorized Representative  
Name: Shukry Bishara  
Title: Minister of Finance  
Date: April 7, 2020

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

By  

Authorized Representative  
Name: Kanthan Shankar  
Title: Country Director  
Date: 03-Apr-2020
SCHEDULE 1

Project Description

The objective of the Project is to prevent, detect and support immediate response to the threat posed by the COVID-19 pandemic and strengthen West Bank and Gaza's health systems for public health preparedness.

The Project consists of the following parts:

Part 1: Emergency COVID-19 Response

Provision of support for slowing down and limit the spread of the COVID-19 in West Bank and Gaza, through: (a) the provision of immediate support to enhance case detection, confirmation, recording and reporting, as well as contact tracing and risk assessment and mitigation; (b) the strengthening of epidemiological surveillance systems, including indicator-based, community event-based, and sentinel surveillance; (c) the development of guidelines and establishment of standardized sample collection methods, channeling and transportation, and determining sites in need for introduction of point of care diagnostics; (d) the acquisition of essential equipment and consumables for laboratory and diagnostic systems, such as polymerase chain reaction machines, sample collection kits, test kits, and other equipment and supplies for COVID-19 testing and surveillance (including Personal Protective Equipment for surveillance workers) to ensure prompt case finding and local containment; (e) the strengthening of detection capacity through updated training to existing surveillance workers and improving reporting by frontline health workers using existing surveillance information; (f) the design and implementation of effective public health measures to prevent contagion and the development and implementation of associated communication and behavior change interventions to support key prevention behaviors; and (g) the provision of support for activities to enhance multisectoral response and action, including, the operations of command rooms at the central and regional levels; implementation of risk commutations and community engagement campaigns; implementation of containment strategies, including port-of-entry interventions, as well as operation of rapid response teams.

Part 2: Strengthening Overall Healthcare Services and Clinical Capacity to Respond to COVID-19

Strengthening of selected health facilities and treatment centers and equipping of quarantine and treatment centers for the management of COVID-19 cases, through: (a) the carrying out of minor civil works and retrofitting of isolation rooms in the selected health facilities and treatment centers; (b) the development and training of health personnel on treatment guidelines and hospital infection control interventions; (c) the provision of support for the procurement of essential additional inputs for treatment such as ventilators, pulse oximeters, laryngoscopes, oxygen generators, and other equipment/supplies for COVID-19 case management, medicines and vaccines, personal protective equipment,
disinfectants and other commodities for infection prevention and control; (d) the necessary inputs and investments to ensure continuity of clinical care, including safe access to waste management, electricity, safe water and sanitation of hospitals; (e) the hiring of medical and non-medical short-term staff to respond to a surge in demand for services due to the COVID-19 epidemic in selected hospitals; and (f) the strengthening of the overall health system readiness to respond to public health crisis following the recommendations of the IHR analysis.

**Part 3: Project implementation and monitoring**

Provision of support for the PMU in managing and overseeing Project activities, including: (a) staffing; (b) data collection, aggregation and periodic reporting on the Project’s implementation progress; (c) monitoring of the Project’s key performance indicators and periodical evaluation; and (d) overall Project Operating Costs, audit costs and monitoring and compliance with ESCP.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Without limiting any other provision of this Agreement, the Recipient shall maintain, at all times during the implementation of the Project, adequate public health emergency coordination and management arrangements, all in a manner acceptable to the Bank.

2. The Recipient, through the Palestinian Authority and its MoH, shall implement the Project and to this end shall maintain, throughout Project implementation, a Project management unit ("PMU") within the MoH in charge of overall coordination of the Project. The PMU shall be headed by one Director responsible for: (a) coordinating implementation and ensuring the overall technical coherence of the Project activities; and (b) coordinate all technical, operational, M&E, financial management, procurement and environmental and social safeguards aspects within the respective units and departments at MoH, all in form and with terms of references, functions, composition, staffing, including a health and safety specialist to be hired not later than 30 days after the Effective Date, as well as adequate resources acceptable to the Bank, and as further described in the POM.

3. The Recipient, through the Palestinian Authority and its MoH:
   (a) may enter into agreements with UN Agencies, under terms and conditions acceptable to the Bank ("UN Agency Agreement"), whereby the Recipient will authorize the UN Agency to undertake, on behalf of the Recipient, the procurement of Eligible Goods under the Project;
   (b) shall ensure, when entering into contractual arrangements with an UN Agency, that appropriate standard agreements approved by the Bank are used; and
   (c) shall exercise its rights under any UN Agency Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the UN Agency Agreement or any of its provisions.

B. 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
2. The Palestinian Authority shall: (a) perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority set forth in the Subsidiary Agreement; (b) take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the Project; and (c) not take or permit to be taken any action which would adversely 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, the Palestinian Authority and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Operations Manual

1. Not later than 90 days after the Effective Date, the Recipient shall, through the Palestinian Authority and its MoH, adopt the project operations manual ("Project Operational Manual" or "POM"), satisfactory to the Bank, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) administration and coordination, monitoring and evaluation, financial management, procurement and accounting procedures, environmental and social safeguards, corruption and fraud mitigation measures; (b) a grievance redress mechanism; (c) personal data collection and processing in accordance with the applicable WHO and national guidelines; (d) a positive list of Eligible Goods under the Project; (e) roles and responsibilities for Project implementation; and (f) such other arrangements and procedures as shall be required for the effective implementation of the Project, in form and substance satisfactory to the Bank.

2. In the event that any provision of the POM shall conflict with this Agreement, the terms of this Agreement shall prevail.

3. The Recipient shall ensure that the POM is not amended without the prior written agreement of the Bank.

D. Annual Work Plans, Budgets and Technical Audit

1. Not later than November 1st in each calendar year, the Recipient, through the Palestinian Authority and its MoH shall submit to the Bank an annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of the Project.
2. The Recipient through the Palestinian Authority and its MoH, shall afford the Bank a reasonable opportunity to review such draft annual work plan and budget, and thereafter carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the Bank ("Annual Work Plan and Budget"). Only those activities that are included in an Annual Work Plan and Budget shall be eligible for financing out of the proceeds of the Grant.

3. The Recipient may revise Annual Work Plans and Budgets as needed during Project implementation subject to the Bank’s prior written approval.

4. The Recipient, through the Palestinian Authority, shall appoint a verification agency to carry out, under the terms satisfactory to the Bank, a technical audit of the Project implementation, including, inter alia, verification of goods procured, stock balances by storage locations, and distribution to end beneficiary users. Each technical audit shall cover the period of one year. The Recipient shall furnish a report on said technical audit to the Bank, not later than six (6) months after the end of such period.

E. Environmental and Social Standards

1. The Recipient, through the Palestinian Authority, shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Recipient, through the Palestinian Authority shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:

(a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;

(b) sufficient funds are available to cover the costs of implementing the ESCP;

(c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

(d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient, through the Palestinian Authority shall ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Recipient, through the Palestinian Authority shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

6. The Recipient, through the Palestinian Authority, shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

7. The Recipient, through the Palestinian Authority, not later than 30 days after the Effective Date, shall furnish to the Bank the ESMF and LMP in a manner acceptable to the Bank.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall furnish each Project Report to the Bank not later than 45 days after the end of each calendar semester, covering the calendar semester.

Section III. 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) Disbursement and Financial Information Letter; and (c) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, non-consulting services, consulting services, Training and Operating Costs under the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,000,000</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, except withdrawals up to an aggregate amount not to exceed $2,000,000 may be made for payments made twelve months prior to the date of this Agreement, for Eligible Expenditures under Category (1) of the Project.

2. The Closing Date is February 28, 2024.
APPENDIX

Section I. Definitions

1. "Annual Work Plan and Budget" means the annual work plan and budget as prepared by the Recipient for and approved by the Bank in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.


3. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.


5. "Eligible Goods" means the positive list of goods set forth in the POM, compatible with the list of goods approved by WHO as part of the global pandemic response guidelines, as such list may be modified from time to time with the prior written approval of the Bank.

6. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated March 23, 2020, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

7. "Environmental and Social Management Framework or ESMF" means the Recipient’s framework, acceptable to the Bank, prepared, adopted and disclosed by MoH, describing, inter alia, the modalities to be followed in screening Project activities, including the measures to be taken to offset, reduce, or mitigate adverse environmental and social impact, procedures for the management of chance finds of physical cultural resources and procedures to ensure protection, maintenance, and rehabilitation of natural habitats, as the same may be amended from time to time with the prior written agreement of the Bank.

8. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social..."

9. “GRM” means the Grievance Redress Mechanism referred to in Section I.E.5 of Schedule 2 to this Agreement.

10. “IHR” means core capacities required to detect, assess, notify and report events, and respond to public health risks and emergencies of national and international concern, based on the analysis conducted by the Norwegian Institute of Public Health.

11. “LMP” means the Recipient’s labor management procedures developed by MoH to manage risks under the Project, setting forth the procedures for: (i) responding to the specific health and safety issues posed by COVID-19, and (ii) protecting workers’ rights as set out in the national requirement as well as in the Bank’s Environmental and Social Standards - ESS2: Labor and Working Conditions.


13. “Operating Costs” means reasonable incremental costs incurred by MoH under the Project on account of Project implementation, including costs related to audits, office equipment and supplies, vehicle operation and maintenance, shipping costs, office rentals, communication and insurance costs, office administration costs, bank charges, utilities, transport costs, travel, per diem and supervision costs, and salaries of contracted employees, but excluding salaries of officials of the Recipient’s civil service.

14. “PMU” means the Project management support unit within MoH, referred to in Section I.A.2 of Schedule 2 to this Agreement.

16. "Project Operational Manual" or "POM" means the manual, referred to in Section I.C of Schedule 2 of this Agreement, satisfactory to the Bank containing detailed institutional, administrative, financial, social, technical and operational guidelines and procedure for the implementation of the Project.

17. "Signature Date" means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to "the date of the Grant Agreement" in the Standard Conditions.


19. "Subsidiary Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the PA.

20. "Technical Audit" means the audit referred to in Section I.D.4 of Schedule 2 to this Agreement, for the purposes of the verification of goods procured, stock balances by storage locations, and distribution to end beneficiary users during Project implementation.

21. "Training" means training activities (other than consultant’s services) to be carried out under the Project, as approved by the Bank, including the reasonable and necessary local and international travel incurred by participants in training seminars, workshops and study tours, as well as reasonable lodging, subsistence, local and international per diem allowances, registration, tuition and facilitator’s fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly related to the training, workshop and/or the study tour activity, as may be agreed with the Bank.

22. "UN Agency" means any of the departments, specialized agencies, funds or programs of the United Nations (a body established and operating pursuant to the Charter of the United Nations signed on June 26, 1945 and entered into effect on October 24, 1945), which are eligible to be selected pursuant to Procurement Regulations to undertake selected activities under the Project.

23. "UN Agency Agreement" means the agreement or agreements to be entered between the Recipient, through the Palestinian Authority, with an UN Agency, as referred to in Section I.A.3(a) of Schedule 2 to this Agreement.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified 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 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 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. 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 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 (c) of Section 4.02 is amended to read as follows:

   "(c) Fraud and Corruption. At any time, the 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 Bank to address such practices when they occur."

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

"(d)  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 (g) of Section 4.02 is amended to read as follows:

"(g)  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 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 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 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 objectives 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 (i) of Section 4.02 is amended to read as follows:

"(i)  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 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 objectives of the Project.”

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

“(j) 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 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.”

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

“(c) Fraud and Corruption. At any time, the 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 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 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 Bank to the Recipient, promptly refund such amount to the 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