Trust Fund Grant Agreement
(Electricity Sector Performance Improvement Project)

between

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

and

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

Dated November 6th, 2017
GRANT NUMBER TF0A5065

TRUST FUND GRANT AGREEMENT

AGREEMENT dated November 6th, 2017, entered into between PALESTINE LIBERATION ORGANIZATION ("Recipient") (for the benefit of the Palestinian Authority) and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator ("Administrator") of the Trust Fund for Gaza and West 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 Boards of Governors of the International Bank for Reconstruction and Development and the International Development Association have resolved, on June 9, 2015 to, inter alia, replenish the Trust Fund in the amount of fifty-five million United States 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 ("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 Palestinian Authority, on behalf of the Recipient, has requested the World Bank to assist in financing the project described in Schedule 1 to this Grant Agreement (the "Project").

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 the Agreement ("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 I 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 objectives 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 PENRA 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 United States Dollars ($4,000,000) ("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 Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following: Any action has been taken for the dissolution, disestablishment, suspension of operations, or change in legal character of PENRA, PETL, PERC, NEDCO, GEDCO, JDECO, SELCO, HEPCO or TEDCO
so as to, in the opinion of the World Bank, materially and adversely affect the Recipient’s ability to achieve the objectives of the Project.

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:

(a) the Subsidiary Agreement referred to in Section 1.8 of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Palestinian Authority; and

(b) the POM has been finalized and adopted by the Recipient, in a manner satisfactory to the World Bank.

5.02. 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.

5.03. 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 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 and Planning
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

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391

AGREED at November 6th, 2017, as of the day and year first above written.

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

By

Authorized Representative
Name: Shukry Bishara
Title: Minister of Finance and Planning

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

By

Authorized Representative
Name: MARINA WES
Title: COUNTRY DIRECTOR
SCHEDULE 1

Project Description

The objective of the Project is to enhance the electricity sector's institutional capacity, improve efficiency of the distribution system in targeted areas, and pilot a new business model for solar energy service delivery in Gaza.

The Project consists of the following parts:

Part 1 - Strengthening the capacity of Palestinian electricity sector institutions

Supporting the improvement of the sustainability and performance of the Palestinian Electricity Transmission Company Ltd. ("PETL") and the Palestinian Electricity Regulatory Council ("PERC") through:

(a) providing technical, operational and legal function support to the PETL aimed at strengthening its capacity; and

(b) supporting the monitoring, evaluation, capacity building, Training and financial audit functions of the PERC.

Part 2 - Improving the operational performance of Palestinian Electricity Distribution Companies

Supporting the improvement of operational performance of Palestinian Electricity Distribution Companies ("DISCOs") in the West Bank, through:

(a) carrying out a Revenue Protection Program ("RPP") with improved metering and billing systems; and

(b) providing management information systems to DISCOS aimed at improving key companies' commercial and operational performance.

Part 3 - Improving energy security in Gaza with solar energy

Supporting the design and implementation of a sustainable business model for rooftop solar energy program in Gaza, including purchasing and installing rooftop solar systems on rooftops of Beneficiaries and designing a pay-back scheme aimed at, inter alia: (a) reducing the barrier to entry for all income levels to ensure beneficiaries from the entire income spectrum can participate in the program; (b) increasing energy security in case of conflict; (c) providing longer hours of available power supply and better alternative to stand-by generators.
Part 4: Technical Assistance, Capacity Building and Project Management

Strengthening the capacity of PENRA to ensure coordination with PETL, PERC and the DISCOs on all equipment and technical assistance to be provided under the Project and supporting the staffing of the Project Management Unit within PENRA for the first two years of the Project implementation, including Training and the provision of Operating Costs.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient, through the Palestinian Authority, shall cause PENRA:

(a) to carry out the Project in accordance with the provisions of this Agreement;

(b) to maintain the Project Management Unit ("PMU") in a form and with functions, staffing and resources satisfactory to the World Bank;

(c) to assign overall day-to-day responsibility for the carrying out of the Project to the PMU, including procurement and financial management responsibilities under the Project; and

(d) to ensure that the PMU has an adequate number of staff (including a Project Director, Procurement Officer, Financial Manager and Safeguards Specialist,) with qualifications and experience satisfactory to the World Bank, who shall be employed on terms and conditions, satisfactory to the World Bank.

2. The Recipient, through the Palestinian Authority, shall cause PENRA to carry out this Project in accordance with the Project Operational Manual ("POM"), and shall not amend, suspend, abrogate, repeal or waive any provision of the POM without prior approval of the World Bank.

3. The Recipient, through the Palestinian Authority, shall cause PENRA to:

(a) establish a revolving fund ("Revolving Fund") for purposes of implementing Part 3 of the Project with a structure, functions and responsibilities acceptable to the World Bank; and

(b) operate the Revolving Fund in accordance with the POM, with the financial management policies in place satisfactory to the World Bank; and

(c) shall not amend, suspend, abrogate, repeal or waive any provision of the POM without prior approval of the World Bank.

4. The Recipient, through the Palestinian Authority, shall cause Ministry of Finance and Planning to hire an external financial auditor with qualifications and terms of reference acceptable to the World Bank, no later than six (6) months after the Effective Date and shall not change said external auditor or revise or amend its terms of reference, throughout the life of the Project, without the approval of the World Bank. The terms of reference shall include the hiring of a technical auditor.
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 between the Recipient and the Palestinian Authority, under terms and conditions approved by the World Bank.

2. The Recipient shall cause the Palestinian Authority: (a) to perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority therein set forth; (b) 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 (c) 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.

C. **PENRA - GEDCO Agreement**

To facilitate the carrying out of Part 3 of the Project, the Recipient, through the Palestinian Authority, shall cause PENRA to enter into an agreement with GEDCO ("PENRA- GEDCO Agreement"), with terms and conditions approved by the World Bank, which shall include, *inter alia*, the following:

1. GEDCO and PENRA, jointly, shall maintain, throughout the Project implementation, pre-screening and evaluation procedures for selection of Beneficiaries, in accordance with the eligibility criteria approved by the World Bank and reflected in the POM.

2. GEDCO and PENRA, jointly, shall select Beneficiaries based on eligibility criteria approved by the World Bank and reflected in the POM, which will include, *inter alia*: (a) consistent track record of Beneficiary’s electricity payments; and (b) existence of a bank account from which monthly payments for the installation of the rooftop solar systems can be withdrawn pursuant to Section 1.C.4(b) of Schedule 2 to this Agreement. Hospitals and medical clinics that are selected Beneficiaries shall be exempt from the above-referenced eligibility criteria.

3. PENRA, in collaboration with and input from GEDCO, shall prepare technical specifications for the selection of the supply and maintenance contractor and shall procure goods and services to be financed out of the Project in accordance with the provisions of this Agreement and the POM.
4. GEDCO shall enter into a Sub-Financing Agreement with each Beneficiary, on the terms and conditions approved by the World Bank, which shall include, *inter alia*, the following terms and conditions:

(a) GEDCO shall obtain rights adequate to protect its interests and those of PENRA, the Recipient and the World Bank, in the Subproject, including the right to uninstall the rooftop solar system, suspend or terminate the right of the Beneficiary to grid electricity upon Beneficiary’s failure to perform any of its obligations under the Sub-Financing Agreement.

(b) Each Beneficiary shall authorize automatic monthly direct transfer from the Beneficiary’s bank account to the Revolving Fund equal to the monthly repayment amount of the Subproject cost.

(c) Each Beneficiary shall repay the Sub-Financing within a maximum of 48 months of installation of the Subproject.

5. In the event any Sub-Financing of a Beneficiary is deemed defaulted and/or is not repaid within 48 months of the installation of the Subproject on the Beneficiary’s rooftop through monthly repayments determined in the Sub-Financing Agreement, GEDCO shall repay into the Revolving Fund the balance of the Sub-Financing outstanding.

6. Conditions set forth in paragraphs 4 and 5 above shall not apply to Beneficiaries that are hospitals or medical clinics.

7. GEDCO shall obtain a bank payment guarantee, valid for a maximum of 48 months, and equal to 10% of the value of each tender payment made by PENRA to the supply and maintenance contractors for the solar panel equipment and installation in favor of PENRA to guarantee proper performance of GEDCO’s obligation under paragraph 4 above. Tender payments made for solar panel equipment and installation for Beneficiaries that are hospitals or medical clinics are exempt from the requirement of a bank payment guarantee.

8. GEDCO shall carry out its operations in implementing Part 3 of the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards (including the requirements of the ESMF) and practices, all satisfactory to the World Bank, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of Financing proceeds other than the Recipient.
9. GEDCO shall maintain procurement records, policies and procedures adequate to enable it to monitor and evaluate its operations, in accordance with indicators acceptable to the World Bank.

10. GEDCO shall enable the Recipient, PENRA, and the World Bank to inspect GEDCO's operations and any relevant records and documents and prepare and furnish to the Recipient, PENRA and the World Bank all such information as the latter shall reasonably request relating to the foregoing.

D. Annual Work Plans and Budgets

1. Not later than November 30 in each calendar year, the Recipient shall cause PENRA, for the purpose of forwarding to the World Bank, to submit an annual work plan and budget for the Project (including Training and Operating Costs) for the subsequent calendar year of the Project, including a list of approved Beneficiaries in the previous year, and proposed installations of rooftop solar systems in the subsequent calendar year, and of such scope and detail as the World Bank shall have reasonably requested.

2. The Recipient shall cause PENRA to afford the World Bank a reasonable opportunity to review such draft annual work plan and budget, and thereafter shall carry out such annual work plan and budget during such subsequent calendar year as shall have been approved by the World 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 shall ensure that the Project is carried out in accordance with the Annual Work Plans and Budgets.

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

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 and as of July 1, 2016 (“Anti-Corruption Guidelines”).

F. Safeguards

1. The Recipient, through the Palestinian Authority, shall cause PENRA:

(a) to carry out the Project in accordance with the Environmental and Social Management Framework (“ESMF”), and any specific environmental and
safeguards guidelines and documents required to be prepared under the Project; and

(b) to ensure the satisfaction of any and all applicable requirements for the preparation, disclosure and implementation of any site-specific environmental and social impact assessments or site specific Environmental and Social Management Plans, in accordance with the ESMF, in relation to any Subproject necessitating an environmental and social impact assessment, or site specific environmental and social management plan.

2. The Recipient, through the Palestinian Authority, shall ensure that PENRA does not amend, suspend, abrogate, repeal, waive or assign any provision of the ESMF, or any site-specific environmental and safeguards guidelines and documents prepared under the Project without prior approval of the World Bank.

3. The Recipient, through the Palestinian Authority, shall ensure that PENRA does not provide Sub-Financing for any Subprojects that are ineligible to be financed out of the proceeds of the Grant according to the restrictions set forth in the Project Operational Manual, the ESMF or this Agreement, including, but not limited to:

(a) any Subprojects that are likely to have significant adverse environmental or other impacts which would lead to a Subproject being classified as Category A according to the World Bank's environmental screening mechanisms; and

(b) any Subprojects that would involve the involuntary taking of land resulting in relocation or loss of shelter, loss of assets or access to assets or loss of income sources or other means of livelihood by an affected person (whether or not the affected person must move to another location) or any other type of impact that would lead to a Subproject being classified as triggering the World Bank's Operational Policy on Involuntary Resettlement (OP 4.12) according to the World Bank's screening mechanisms.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall, through the Palestinian Authority, monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one (1) 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 shall 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 six (6) months after the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall, through the Palestinian Authority, prepare and furnish to the World Bank not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient, through the Palestinian Authority, shall cause PENRA to prepare Financial Statements and have them audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one (1) calendar year of the Recipient. In addition to the financial audit, the Recipient shall submit a technical audit report which shall be done in accordance with the International Standards on Auditing (ISA) 620. The audited Financial Statements and the technical audit report 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

All goods, non-consulting services and consulting 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 the “World Bank Procurement Regulations for Borrowers under Investment Project Financing” dated July 1, 2016 (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated May 10, 2017 provided for under Section IV of the Procurement Regulations, as the same may be updated from time to time in agreement with 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 “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance of Eligible Expenditures as set forth in paragraph 2 below.

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

<table>
<thead>
<tr>
<th>Categories</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>1. Goods, non-consulting services, consultants’ services and Training under Part 1, Part 2 and Part 4 of the Project</td>
<td>2,000,000</td>
<td>100%*</td>
</tr>
<tr>
<td>2. Goods, non-consulting services, consultants’ services and Training under Part 3 of the Project</td>
<td>2,000,000</td>
<td>100%*</td>
</tr>
<tr>
<td>Total Amount</td>
<td>4,000,000</td>
<td></td>
</tr>
</tbody>
</table>

* The World Bank will finance 100% of the Eligible Expenditures preapproved in the Annual Work Plan and Budget
B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement; and

   (b) for payments under Category 2, until the PENRA-GEDCO Agreement referred to in Section 1.C of Schedule 2 to this Agreement has been executed on behalf of PENRA and GEDCO.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 20, 2023.
APPENDIX I

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 World Bank in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.

2. "Beneficiary" means eligible residential households, commercial, non-for-profit or public entities located in Gaza meeting the criteria outlined in the POM for participating in Part 3 of the Project, as selected under Section I.C.2 of Schedule 2 to this Agreement.

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

4. "DISCOS" means the electricity distribution companies operating in the West Bank & Gaza and consisting of JDECO, NEDCO, HEPCO, SELCO, TEDCO and GEDCO.

5. "Environmental and Social Management Framework" or "ESMF" means the framework dated March 29, 2017, prepared by PENRA, approved by the World Bank, and disclosed on March 30, 2017, setting forth the mitigating, monitoring and institutional measures to be taken during the implementation and operation of the Project to offset or reduce adverse environmental or social impacts to levels acceptable to the World Bank, and setting forth policies and procedures for the environmental screening of Subprojects, for conducting environmental and social assessments and specifying requirements for environmental and social mitigation measures to be included, as necessary, in site-specific environmental management plans.

6. "Environmental and Social Management Plan" or "ESMP" means the Environmental and Social Management Plan prepared by PENRA for the purposes of the Project and referred to in Section I.F of Schedule 2 to this Agreement, setting forth a set of mitigation, monitoring, and institutional measures to be taken during Project implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, and including the actions needed to implement these measures, as such Environmental and Social Management Plan may be updated, revised or amended from time to time upon agreement with the World Bank.

7. "GEDCO" means the Gaza Electricity Distribution Company Ltd., the company responsible for power distribution in Gaza, registered in the company register No. 56310061 on January 12, 1999.

9. "JDECO" means Jerusalem District Electricity Company, the company responsible for power distribution in the central part of the West Bank, registered in the company register No. 51-052349-1 on August 4, 1969.

10. "NEDCO" means Northern Electricity Distribution Company, the company responsible for power distribution in the northern part of the West Bank, registered in the company register No. 562601203 on January 14, 2008.

11. "Operating Costs" means expenditures incurred on account of the Project for payments of salaries (excluding salaries of civil servants of the Palestinian Authority) to the PETL and PMU staff, rental of office space, utility charges, vehicle maintenance and insurance, fuel, general and health insurance, office supplies, communications services, travel expenses, or any other expenditures acceptable to the World Bank.

12. "PA" means the Palestinian Authority.


14. "PENRA" means the Palestinian Energy and Natural Resources Authority, a public authority established and operating in the parts of the West Bank and Gaza under the jurisdiction of the PA pursuant to Decree No. 12/1995 of the Ra'ees of the PA, dated August 31, 1995, or any successor thereto.

15. "PERC" means the Palestinian Electricity Regulatory Council.

16. "PETL" means the Palestinian Electricity Transmission Company Limited established under the Recipient's Companies Law No. 12 of 1964 and its amendments, as a Shareholding Public Company, and registered in the record of shareholding companies under No. 562601377 on November 20, 2013.

17. "PLO" means the Palestinian Liberation Organization.

18. "PMU" means the Recipient's Project Management Unit to be maintained within the Palestinian Energy and Natural Resources Authority pursuant to paragraph 1 of Section I.A of Schedule 2 to this Agreement with the responsibilities assigned to it according to this Agreement.

20. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 10, 2017, and provided for under Section IV of the Procurement Regulations, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

21. "Project Operational Manual" or "POM" means the manual, referred to in Section I(A)(2) of Schedule 2 of this Agreement, satisfactory to the World Bank, including a financial management manual setting forth the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures); setting forth procurement arrangements; and setting forth other institutional arrangements for carrying out the Project, as the same may be amended from time to time with the agreement by the World Bank.

22. "PV" means photovoltaic.

23. "Revenue Protection Program" or "RPP" means a program to improve the DISCO's management capacity to reduce commercial losses and increase their revenues by monitoring and billing every unit of electricity sold to their largest customers. The program consists in the installation of smart meters to a selected segment of customers that represent the majority of the company's electricity sales. The RPP includes the deployment of Advanced Metering Infrastructure comprising communication devices, software and a Metering Control Center.

24. "Revolving Fund" means the fund used for administering Part 3 of the Project, as provided in Section I.A.3 of Schedule 2 to this Agreement.

25. "SELCO" means Southern Electricity Distribution Company, the company responsible for power distribution in the southern part of the West Bank registered in the company register 562439422 on January 16, 2002.

26. "Sub-Financing" means financing made or proposed to be made by GEDCO to Beneficiaries out of the proceeds of the Grant, allocated from time to time to Category 3 of the table set forth in paragraph 2 of Section IV.A. of Schedule 1 of this Agreement, for purposes of financing costs of solar PV panels and their installation.

27. "Sub-Financing Agreement" means an agreement between GEDCO and the respective Beneficiary, described in Section I.C.5 of Schedule 2 of this Agreement.

28. "Subproject" means a specific installation of the solar PV panel on the rooftop of the Beneficiary, financed under Component 3 of the Project, in accordance with the eligibility criteria and procedures set forth in the POM.
29. "Subsidiary Agreement" means the agreement referred to in Section 1.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Palestinian Authority.


31. "Training" includes the materials and rental of training facilities and equipment, local travel and per diem for participants, travel, accommodation and per diem of trainers and trainees, printing of documents, communications, and various supplies needed for such training.
APPENDIX 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 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 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 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 (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 objectives 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 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 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).