Trust Fund Grant Agreement

(Integrated Cities and Urban Development 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 October 13th, 2016
AGREEMENT dated October 13, 2016, 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 Board of Governors of the International Bank for Reconstruction and Development and the International Development Association has 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

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 I 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 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 Section I of 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 Palestinian Authority, cause the Project to be carried out by the Municipal Development and Lending Fund ("Project Implementing Entity" or "MDLF") in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time ("Project Agreement").

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 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 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) The Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the Project Implementing Entity of its obligations under the Project Agreement.

(b) The Project Implementing Entity has failed to perform any obligation under the Project Agreement.

(c) IBRD or IDA has declared the Project Implementing Entity 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 Project Implementing Entity 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 Project Implementing Entity is ineligible to receive proceeds of financings 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 Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.
(d) As a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that the Project Implementing Entity will be able to perform its obligations under the Project Agreement.

(e) The Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.

(f) Event prior to Effectiveness. 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.

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 and of the Project Agreement on behalf of the Project Implementing Entity have been duly authorized or ratified by all necessary governmental and 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 On-Granting Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed on behalf of the Palestinian Authority and the Project Implementing Entity.

(d) The Recipient has adopted a Project Operational 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;

(b) on behalf of the Project Implementing Entity, that the Project 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;
(c) the Subsidiary Agreement referred to in Section I.A 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; and

(d) the On-Granting Agreement referred to in Section I.A of Schedule 2 to this Agreement has been duly authorized or ratified by the Palestinian Authority and the Project Implementing Entity 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. *Termination for Failure to Become Effective.* 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 and Planning 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

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

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and  
Development/International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

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

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

By

[Signature]
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

[Signature]
Authorized Representative

Name: Mark Ahern
Title: Acting Country Director
SCHEDULE 1

Project Description

The objective of the Project is to enhance the capacity of Participating Urban Areas to plan for sustainable urban growth.

The Project consists of the following parts:


Strengthening the institutional and technical capacity of Participating Urban Areas to ensure sustainable urban growth through carrying out collaboration activities among Member LGUs, including the following:

(a) **Structured Capacity Development Support for Urban Growth Planning:**
Provision of support to Participating Urban Areas to achieve planning for urban growth, through: (i) establishing and actively maintaining intra-urban area coordination mechanisms; (ii) completing baseline assessments of existing urban extent; (iii) completing exercises to develop cost-analyzed urban growth scenarios based on the established urban growth baselines, forecasts, and available public resources; and (iv) modifying respective Member LGUs’ plans based on the optimum urban growth scenario chosen at the urban area level.

(b) **Demand-driven Customized Support for Urban Growth Planning for Participating Urban Areas in the West Bank and Gaza:**
Provision of support to Participating Urban Areas to improve urban space management and services through carrying out demand driven activities to maintain the momentum and ownership for the longer-term urban growth planning exercises, all through the provision of technical advisory services and goods.

Part 2: Project Implementation and Management Support.

Providing Project implementation support to the Ministry of Local Government and the Project Implementing Entity in the areas of, including, inter alia, technical oversight, financial management, monitoring and evaluation, procurement, safeguards, and reporting.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Subsidiary Agreement and On-Granting 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, which shall include the following:

(a) The Palestinian Authority shall on-grant the proceeds of the Grant to the Project Implementing Entity under an on-granting agreement ("On-Granting Agreement") to be entered into between the Palestinian Authority and the Project Implementing Entity, under terms and conditions approved by the World Bank; and

(b) The Palestinian Authority shall: (i) perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority set forth in the Subsidiary Agreement; (ii) 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 take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

2. The Recipient shall exercise its rights under the Subsidiary Agreement, and shall cause the Palestinian Authority to exercise its rights under the On-Granting Agreement, in such manner as to protect the interests of the Recipient, the Palestinian Authority 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 and the Recipient shall cause the Palestinian Authority not to assign, amend, abrogate or waive the On-Granting Agreement or any of its provisions.

B. Institutional and other Arrangements

1. The Recipient shall, through the Palestinian Authority, cause the Ministry of Local Government to maintain technical oversight, provide policy advice, and carry out coordination responsibilities for the Project, with staffing and resources, acceptable to the World Bank, as further described in the Project Operational Manual.

2. The Recipient shall cause the Project Implementing Entity to maintain overall implementation responsibility for the Project including preparation of annual plans and budgets and ensuring compliance with the requirements set out under this Agreement and maintaining for the duration of the Project the functions, staffing and resources satisfactory to the World Bank.

3. The Recipient shall cause the Project Implementing Entity: (i) to carry out the Project in accordance with the Project Agreement and the Environmental and Social Management Framework; (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; (iii) not to take
or permit to be taken any action which would prevent or interfere with the carrying out of
the Project; and (iv) not to amend, suspend, abrogate, repeal, waive or assign any provision
of the Project Agreement or the Environmental and Social Management Framework,
without prior approval of the World Bank.

C. Project Operational Manual

1. The Recipient shall, during the implementation of the Project:

(a) maintain the POM, in form and substance satisfactory to the World Bank;

(b) take all measures necessary to ensure that the Project is carried out in conformity
with the POM; and

(c) not assign, amend, abrogate or waive the POM or any provision thereof if, in the
opinion of the World Bank, such assignment, amendment, abrogation or waiver
will materially affect the implementation of the Project.

2. In case of any conflict between the arrangements and procedures set out in the Project
Operational Manual and the provisions of this Agreement, the provisions of this Agreement
shall prevail.

D. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the
ESMF in a manner satisfactory to the World Bank.

2. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or
waived, the ESMF, unless the World Bank has provided its prior approval thereof in
writing.

3. The Recipient shall ensure that all terms of reference for any technical assistance and
studies to be carried out under the Project are prepared in form and substance satisfactory
to the World Bank and consistent with the ESMF and World Bank’s relevant environmental
and social safeguards policies.

E. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions
of the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall cause the Project Implementing Entity to 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 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 cause the Project Implementing Entity 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 six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that the Project Implementing Entity maintains a financial management system in accordance with the provisions of Section 2.07 of the Standard Conditions.

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

3. The Recipient shall cause the Project Implementing Entity to 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 Project Implementing Entity. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, 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:


   (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 and Non-consulting Services

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

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding (subject to the following additional procedures); and (b) Shopping.

The additional procedures to be followed for National Competitive Bidding:

(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 30 days may be reduced to a minimum period of 10 days in the case of emergency operations;

(d) until standard bidding documents acceptable to the World Bank have been introduced by the Palestinian Authority, 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) bids shall be submitted in sealed envelopes and shall be accepted whether mailed or hand-carried;

(h) 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;

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

(j) 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;

(k) 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;

(l) 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

(m) 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) Least Cost Selection; (c) Selection based on Consultants’ Qualifications; (d) Single-source Selection of consulting firms; (e) Selection of Individual Consultants; and (f) 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 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>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>(1) Goods, non-consulting services, consultants' services, and Training and workshops</td>
<td>4,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) MDLF Management Fee and Incremental Operating Cost</td>
<td>450,000</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 that withdrawals up to an aggregate amount not to exceed $500,000 equivalent may be made for payments made prior to this date but on or after December 15, 2015, for Eligible Expenditures under the Project.

2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2021.
APPENDIX

Section I. Definitions


2. "Environmental and Social Management Framework" means the Environmental and Social Management Framework for the Project adopted by the Recipient on June 14, 2016, and disclosed at World Bank's Info Shop and locally by the Recipient on June 15, 2016, as such Framework may be updated from time to time by agreement between the Recipient and the World Bank, setting forth the screening tools and procedures to assess and mitigate any environmental and social impacts from the technical assistance supported under the Project, and monitoring and institutional measures to be taken during the implementation of the Project.

3. "Incremental Operating Costs" means incremental costs incurred by the Recipient, as per the eligibility criteria further specified in the POM, under the Project on account of: (i) operation and maintenance of office equipment; (ii) transportation and travel costs associated with Project implementation including per diem allowances for Project staff in travel status; (iii) rental of office space; (iv) office supplies, utilities and office administration, including translation, printing and advertising costs; (v) communication costs; (vi) reasonable bank charges; (vii) costs of carrying out meetings; (viii) costs of printing materials for the carrying out of the communication and awareness campaign; and (ix) costs of printing of data collection instruments, but excluding salaries of officials of the Recipient’s civil service.

4. "MDLF Management Fee" means a fee for the administration expenses incurred by the Project Implementing Entity in relation to the Project, as determined and defined in the detailed budget for the Project, as set out in the POM that describes the analysis of, and calculation for, the MDLF Management Fee, acceptable to the World Bank, as such budget may be updated from time to time by agreement between the Project Implementing Entity and the World Bank.

5. "Member LGUs" means the local government units in Participating Urban Areas that meet the eligibility criteria specified in the Project Operational Manual.

6. "On-Granting Agreement" means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Palestinian Authority shall make the proceeds of the Grant available to Project Implementing Entity.

7. "Participating Urban Areas" means the urban areas of Nablus, Hebron, Bethlehem, Ramallah, and Gaza City in West Bank and Gaza.

8. "Project Implementing Entity" or "MDLF" means the Municipal Development and Lending Fund, established pursuant to the Project Implementing Entity’s Legislation.
9. “Project Implementing Entity’s Legislation” means the Recipient’s Decree of the Council of Ministers No. 05/34/mim.waw.alf.qaf of 2005 pursuant to which the Project Implementing Entity has been established and is operating.

10. “Project Operational Manual” and “POM” means a manual to be prepared and adopted by the Recipient, in form and substance satisfactory to the World Bank which manual, inter alia, shall include: (A) Project implementation arrangements; (B) the procurement procedures and standard procurement documentation; (C) reporting requirements, financial management and audit procedures; (D) monitoring and evaluation arrangements; (E) Project budget (including the detailed analysis and calculation of MDLF Management Fee); and (F) such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

11. “Subsidiary Agreement” means the agreement referred to in 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.

12. “Training” means training activities (other than consultants’ services) to be carried out under the Project, as approved by the World 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 facilitators’ fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and the study tour activity, as may be agreed with the World Bank.

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 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 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).