Trust Fund Grant Agreement
(Water Security Development - Gaza Central Desalination Program —
Associated Works Phase I 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)
GRANT AGREEMENT

AGREEMENT dated as of the Signature Date between the PALESTINE LIBERATION ORGANIZATION (for the benefit of the Palestinian Authority) ("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 September 5, 2018, to, inter alia, replenish the Trust Fund in the amount of ninety million United States Dollars ($90,000,000), 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;

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

WHEREAS: (a) 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 I to the Agreement ("Project") upon the terms and conditions set forth in this Agreement; and

(b) the Bank, acting as administrator of the Partnership for Infrastructure Development Multi-Donor Trust Fund (PID MDTF), has agreed to make a grant in the amount of forty-two million United States Dollars (USD 42,000,000) to the Recipient, for the benefit of the Palestinian Authority, for purposes of financing the Project, on the terms and conditions set forth in the PID MDTF Grant 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 this Agreement.

**Article II**

**The Project**

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause the Palestinian Water Authority (PWA) to 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 fifteen million United States Dollars ($15,000,000) ("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**

**Additional Remedies**

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely that any action has been taken for the dissolution, disestablishment, suspension of operations, or change in legal character of the PWA so as to, in the opinion of the 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 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.

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

(c) The On-granting Agreement referred to in Section I.B.1(a) of Schedule 2 to this Agreement has been executed on behalf of the Palestinian Authority and PWA.

(d) The PID-MDTF Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness have been fulfilled.

(e) The Project Implementation Manual, acceptable to the Bank, has been adopted by the Recipient.

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

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

(b) the Subsidiary Agreement referred to in Section I.B of the Project has been duly authorized or ratified by the Recipient and the PWA and is legally binding upon the Recipient and the PWA in accordance with its terms.

5.03. 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 5.01 ("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.
5.04. 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 VI

Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

6.02. 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

6.03. 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

[Signature]

Authorized Representative

Name: Shukry Bisheh
Title: Minister of Finance
Date: 29/3/2008

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

By

[Signature]

Authorized Representative

Name: Kanthan Shankar
Title: Country Director, West Bank and Gaza
Date: 23-Mar-2020
SCHEDULE 1

Project Description

The objective of the Project is to improve the quality and quantity of bulk water supplied to the municipalities served in the Project area and to strengthen the capacity of the PWA.

The Project consists of the following parts:

Part 1: Improved Supply of Bulk Water to the Southern and Middle Governorates of Gaza

Provision of support for the implementation of an integrated system of water carriers and reservoirs to convey and blend water from selected water sources to meet the WHO Guidelines, through the carrying out of the following activities:

(a) Establishment of a southern main carrier system though the enhancing of the capacity for blending, storage and bulk supply of drinking water to Rafah and Khan Younis Governorates.

(b) Carrying out of water supply network improvement works for Middle Gaza and Khan Younis Governorates to increase the capacity to effectively utilize drinking water imported at Bani Sa'id and Bani Suhaila connection points.

(c) Reconfiguration of the water distribution system in the southern Governorate where they connect with bulk water system to enable them to receive and effectively distribute the blended bulk water in the Rafah and Khan Younis Governorates.

(d) Reconfiguration of the water distribution system in the middle Gaza Governorate where they connect with the new bulk water system to enable them to receive and effectively distribute the blended bulk water.

Part 2: Capacity Building and Performance Improvement of Selected Institutions

(a) Establishment of a bulk water supply unit in Gaza to gradually take on responsibility for: (i) operation and maintenance of the STLVs; (ii) monitoring and management of bulk water purchases from Israel; (iii) management and operation of groundwater wells in the middle and southern Gaza governorates to be utilized for blending; (iv) blending of bulk water sources for distribution and onward sale to municipalities; and (v) billing and collection (on behalf of PWA) for bulk water sales to municipalities.
Design of a national service provider improvement program to improve the operational and financial performance of service providers, setting out a framework of incentives that will: (i) support SPs to move up the performance ladder; (ii) separate water service provision from other municipal services; (iii) where appropriate, support clustering of SPs to achieve economies of scale and work towards the establishment of regional utilities; and (iv) promote future PPPs to the extent feasible, either through performance based contracts to reduce non-revenue water, meter reading, billing and collection, or more comprehensive management contracts.

Identification of priority investment planning for bulk water supply in West Bank through the following activities: (i) updating the water sector policy and strategy; (ii) preparing an integrated bulk water master plan for the West Bank, which will identify and prioritize investments to set up a bulk water supply and conveyance system; and (iii) preparing detail designs and ESIs for the identified priority investments related to distribution of water.

Part 3: Project Management and Implementation Support

(a) Provision of support to PWA and its PMSU for Project management, monitoring and evaluation, including: (i) Resettlement Compensation Costs and expenses associated with the implementation of the RAP for the Project; (ii) salaries of PMSU staff; (iii) PMSU operating costs; (iv) reasonable office equipment; (v) consultant services to support technical reviews and implementation of environmental and social safeguards; and (vi) overall project management, monitoring, evaluation and reporting.

(b) Provision of technical assistance to PWA for the supervision of the procurement processes necessary under the Project, including supervision of contract implementation.

(c) Provision of support for the new bulk water supply unit in Gaza to be created under Part 2(a) of the Project, including: (i) salaries and incremental operating costs for bulk water supply in Gaza; (ii) cost of STLVs' consumables, including fuel, lab testing kits; and (iii) maintenance costs.
Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall cause the PWA to implement the Project and to this end, shall cause the PWA to:

   (a) maintain, throughout Project implementation, the Project Management and Support Unit ("PMSU") in charge of overall coordination of the Project and day-to-day management of its activities, including reporting requirements, in form and with terms of references, functions, composition, staffing and adequate resources acceptable to the Bank, and as further described in the Project Implementation Manual; and

   (b) carry out the Project in accordance with a manual, acceptable to the Bank ("Project Implementation Manual" or "PIM"); not amend, abrogate or waive the PIM or any of its provisions without the Bank’s prior written consent; and (ii) ensure that, in case of any conflict between the provisions of the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. The Recipient shall cause the PWA to establish a committee ("Steering Committee") with membership and terms of reference acceptable to the Bank, with the following functions: (i) review annual workplans and budget; (ii) review progress, achievements and discuss any pending issues that need to be resolved at higher levels; and (iii) provide overall policy guidance.

B. 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 Bank, which shall include the following:

   (a) The Palestinian Authority shall on-grant the proceeds of the Grant to the PWA under an on-granting agreement ("On-Granting Agreement") to be entered into between the Palestinian Authority and PWA, 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 adversely 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 Bank and to accomplish the purposes of the Grant. Except as the Administrator 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 PWA not to assign, amend, abrogate or waive the On-Granting Agreement or any of its provisions.

C. Arrangements with Service Providers

The Recipient shall cause PWA to, not later than 12 months after the Effective Date, enter into arrangements, under terms and conditions acceptable to the Bank and included in the PIM, with Service Providers benefiting from the Project (jointly or through separate arrangements), for the purposes of: (i) handing over the management and operations of certain water production and storage infrastructure (including water wells) which will be part of the new bulk system; (ii) establishing a framework for gradual purchase of bulk water at an agreed price; (iii) identifying, and outlining the capacity building and institutional support needed for said Service Providers.

D. Annual Work Plans and Budgets

1. Not later than November 15 in each calendar year, the Recipient shall cause the PWA to submit 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 shall cause the PWA to afford the 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 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 cause the PWA to carry out the Project in accordance with the Annual Work Plans and Budgets.

4. The Recipient (through PWA) may revise Annual Work Plans and Budgets as needed during Project implementation subject to the Bank’s prior written approval.
E. Safeguards

1. The Recipient shall, and shall cause the PWA to, carry out the Project in accordance with the ESIA/ESMP, the Action Plan and the RAP. Except as otherwise agreed by the Bank, the Recipient shall, and shall cause the PWA to, not amend, abrogate, waive, or fail to enforce the ESIA/ESMP, the Action Plan or the RAP, or any of their provisions.

2. The Recipient shall cause the PWA to establish, and thereafter, maintain, throughout Project implementation, and publicize the availability of a grievance and redress mechanism (GRM), in form and substance satisfactory to the Bank, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall cause PWA to ensure that each Project Report (semi-annual progress reports) is furnished to the Bank not later than forty-five (45) 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

<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, Resettlement Compensation Costs, and Operating Costs under the Project</td>
<td>15,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>15,000,000</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 $500,000 may be made for payments made prior to this date but on or after the date twelve (12) months prior to the Signature Date for Eligible Expenditures under the Project.

2. The Closing Date is December 31, 2024.

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*percentages of disbursements from various funds available will be allocated following the specifications included in the Work Plans*
APPENDIX

Section 1. Definitions

1. “Action Plan” means the action plan contained in the Environmental Audit carried by PWA to manage the environmental and social risks and impacts for the operation of the two STLVs, dated October 22, 2019.

2. “Affected Person” means a person who as a result of: (a) the involuntary taking of land under the Project is affected in any of the following ways: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas suffers adverse impacts on his or her livelihood; and “Affected Persons” means more than one Affected Person.

3. “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.


5. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

6. “Environmental Audit” means the environmental audit dated October 22, 2019 and carried out by PWA for South and Deir Al Balah-Gaza Strip STLV Sea Water Desalination Plants.

7. “ESIA/ESMP” means the Environmental and Social Impact Assessment and the Environmental and Social Management Plan for the Project adopted by PWA and disclosed on February 21, 2019, 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 Bank. Such ESIA/ESMP may be updated from time to time by agreement between the Recipient and the Bank.

8. “Governorate” means an administrative division under the jurisdiction of the Palestinian Authority.

9. “GRM” means the Grievance Redress Mechanism referred to in Section I.E.2 of Schedule 2 to this Agreement.
10. "Operating Costs" means incremental costs incurred by the PWA and its PMSU under the Project on account of: (i) salaries and travel expenditures, included per diem for staff (excluding civil servants); (ii) travel expenditures, including per diem, for PWA regular staff; (iii) field offices’ office rental, maintenance and utility charges, communication costs, office supplies and consumables, vehicle rental, insurance, maintenance and fuel; and (iv) other miscellaneous costs directly associated with the Project implementation all based on periodic budgets acceptable to the Bank.

11. “PID-MDTF Grant Agreement” means the agreement of even date between the International Development Association, acting as administrator of grant funds provided by various donors under the Partnership for Infrastructure Development Multi-Donor Trust Fund, and the Recipient for the benefit of the Palestinian Authority, in an amount not to exceed forty-two million United States Dollars (USD 42,000,000).


14. “Project Implementation Manual” or “PIM” means the manual, referred to in Section I.A.1(b) 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.

15. “PMSU” means the Project management support unit within PWA, referred to in Section I.A.1(a) of Schedule 2 to this Agreement.

16. “PWA” means the Palestinian Water Authority, established pursuant to the Presidential Decree No. 90/1995 as amended.

17. “RAP” means the resettlement action plan prepared and adopted by PWA and disclosed on August 7, 2019. Such resettlement plan to include a program of actions, measures and policies for compensation and resettlement of Affected Persons, and setting forth the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements designed to ensure proper implementation of, and regular feedback on, compliance with such RAP, as the same may be amended from time to time with the prior written agreement of the Bank.
18. "Resettlement Compensation Costs" means expenditures associated with the implementation of the RAP, including cash compensation for loss of income and/or other assistance paid, as set forth in the RAP and acceptable to the Bank.

19. "SP" means water service providers in the Recipient’s territory, as defined in the Recipient’s 2014 Water Law.

20. "Steering Committee" means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

21. "STLVs" means the Deir Al Balah and the South Short-term Low Volume desalination plants located in the Project area.

22. "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.

23. "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.


25. "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 PWA.


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 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

(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 Bank to address such practices when they occur.”

11. Sub-section (k) of Section 5.03 is amended to read as follows:

“(k) 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 (18) of the Appendix is deleted and, consequently, paragraphs (19) through (28) are re-numbered as paragraphs (18) through (27).