Trust Fund Grant Agreement
(Public Financial Management 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 June 21, 2018
GRANT NUMBER TF0A6949

TRUST FUND GRANT AGREEMENT

AGREEMENT dated June 28th, 2018, 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, inter alia, to 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 1 of the Appendix to this Agreement, constitute an integral part of this Agreement.

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

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall cause the Palestinian Authority to carry out Components 1, 2 and 4 of the Project through the Ministry of Finance and Planning, and cause HCPPP to carry out Component 3 of the Project, all 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 three million United States Dollars ($3,000,000) (“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
Effectiveness; Termination

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that:
(a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental actions; and

(b) the Subsidiary Agreement has been executed on behalf of the Recipient and the Palestinian Authority.

4.02. As part of the evidence to be furnished pursuant to Section 4.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

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

(b) the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Palestinian Authority and is legally binding upon the Recipient and the Palestinian Authority in accordance with its terms.

4.03. 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 4.01 ("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.

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

**Article V**

**Recipient's Representative; Addresses**

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

5.02. 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

5.03. 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 June 28th, 2018, as of the day and year first above written.

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

By

[Signature]
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]
Name: [Name]
Title: Country Director

Authorized Representative

[Signature]
Name: [Name]
Title: [Title]
SCHEDULE 1
Project Description

The objective of the Project is to enhance the expenditure controls, financial accountability and procurement management of the Palestinian Authority.

The Project consists of the following components:

Component 1 – Improving Budget Expenditure Management and Control

Develop budget expenditure management monitoring tools through the following subcomponents:

Subcomponent 1.1 – Improving Budget Expenditure Management, Financial Control and Cash Planning

Design, development and implementation of the Commitment Control System ("CCS") and cash planning procedure and modernizing financial controls in line with the new CCS and international standards.

Subcomponent 1.2 – Establishing Medical E-Referrals System Linkages with Commitment Control System

Provision of technical assistance through (a) establishing an ad hoc committee at the Ministry of Health for monitoring medical referral related budget expenditures; and (b) developing an exchange of data between the E-referrals system at the MoH and IFMIS at the MoFP, respectively.

Subcomponent 1.3 – Enhancing MoFP Management of Intergovernmental Fiscal Transfers

Provision of technical assistance for (a) improving procedures related to fiscal transfers; (b) establishing fiscal forecasts; (c) defining a calendar for transfers; and (d) developing a methodology to introduce fiscal discipline in management of the fiscal transfers.

Subcomponent 1.4 – Enhancing the Wage Bill Establishment Control

Provision of technical assistance for developing new tools and procedures to oversee the wage bill and monitor the budgetary impact of employment decisions on the wage bill and establishing mechanisms for connecting the human resources IT system at the General Personnel Council and the payroll system at MoFP.
Component 2 – Improving Financial Accountability of the Public Financial Management System

Subcomponent 2.1. – Aligning Accounting/Reporting with International Standards (GFS/IPSAS)

Provision of technical assistance in completing the alignment of the accounting and reporting on international GFS and IPSAS standards by (a) providing training to staff involved with IFMIS-based transactions in the Accounting Handbook; and (b) implementing Accountant General’s instructions in several public finance and accounting areas.

Subcomponent 2.2. – Improving the Bank Reconciliation Process

Provision of technical assistance in implementing an action plan following the review of the bank reconciliation process between the accounting data in the IFMIS and the cash in the bank accounts, including through improving current bank reconciliation procedures and developing associated ICT support functionalities.

Subcomponent 2.3. – Reducing the Backlog of Financial Statements of the PA

Provision of technical assistance in expediting the backlog of unissued financial statements by supporting additional temporary accounting and auditing task forces.

Subcomponent 2.4. – Enhancing SAACB’s Capacity to Audit Bank’s Projects

Provision of technical assistance to SAACB to enable SAACB to act as an auditing body for the Palestinian Authority’s projects financed by the World Bank and other international public organizations.

Component 3 – Modernizing Public Procurement

Subcomponent 3.1. – Institutional Strengthening of HCPPP

Support the strengthening of HCPPP, through: (a) developing HCPPP internal systems and procedures and building capacity with its staff as a critical step to the effectiveness of the HCPPP in carrying out its regulatory and oversight functions defined by the law; (b) establishing an independent dispute review unit to handle complaints of non-compliance by procuring entities in conducting procurement proceedings; and (c) developing and implementing a performance monitoring framework for HCPPP to assess the functioning of the procurement system and needs for improvement in order to better inform national procurement policies.
Subcomponent 3.2 – Development of Modern Procurement Tools

 Provision of technical assistance in procurement by: (a) implementing and further developing the single procurement portal to serve as a gateway to all information about the procurement system and proceedings (procurement plans, notices and award decisions and other procurement documentation); (b) developing framework agreements (standard forms to solicit participation and place orders and related terms and conditions) for procurement of common-use goods and services aimed at efficiency and service-delivery benefits, and transaction-cost savings, while preserving competition and transparency; and (c) issuing sector specific standard bidding documents for pharmaceuticals, and non-consulting services to address the requirements of the procurement process in these sectors.

Subcomponent 3.3 – Capacity Building of the Procurement Workforce and Other Stakeholders

 Support the implementation of a capacity building and awareness raising strategy for procurement officials both at the central and local levels, as well as other stakeholders from private sector/SME, civil society organizations and the general public. Support HCPPP in: (a) developing a sustainable training program based on the outcomes of the needs assessment; and (b) deliver the training program to procurement officials from procuring entities at the central and local levels.

Component 4 – Project Management

 Provision of support for the establishment of the PMU. Project management and implementation, coordination, monitoring and evaluation, including, *inter alia*, fiduciary control, external audit, and oversight and preparation of the Project reports, including Training and Operating Costs.
SCHEDULE 2

Project Execution

Section 1. Institutional and Other Arrangements

A. Institutional Arrangements- MoFP

1. The Recipient, through the Palestinian Authority, shall cause the Ministry of Finance and Planning:

(a) to carry out Components 1, 2 and 4 of the Project in accordance with the provisions of this Agreement;

(b) to maintain the Project Management Unit ("PMU") within the Office of Director General of International Relations and Projects of the MoFP in a form and with functions, staffing and resources satisfactory to the World Bank. The PMU will report to the Director General of International Relations and Projects;

(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, Monitoring and Evaluation Specialist, and Financial Management Specialist) with qualifications and experience satisfactory to the World Bank, who shall be employed on terms and conditions satisfactory to the World Bank. The PMU shall be assisted by a resident advisor situated at MoFP.

B. Institutional Arrangements- HCPPP

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

(a) carry out Component 3 of the Project in accordance with the provisions of this Agreement;

(b) prepare the Project Reports, quarterly interim unaudited financial reports, and annual audited financial statements covering Component 3 of the Project to enable the Recipient to meet its obligations for Project monitoring, reporting and evaluation under Section II of Schedule 2 of this Agreement; and
have an adequate number of staff with qualifications and experience satisfactory to the World Bank. The HCPP shall be assisted by a resident advisor situated at HCPP.

C. 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 ("Subsidiary Agreement"), 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.

D. 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").

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 the PMU 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. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

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 and revised November 2017, (“Procurement Regulations”), and the provisions of the Recipient’s procurement plan for the Project (“Procurement Plan”) dated March 6, 2018 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 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, Training and Operating Costs under Components 1, 2 and 4 of the Project.</td>
<td>2,200,000</td>
<td>100%</td>
</tr>
<tr>
<td>2. Goods, non-consulting services, consultants' services, Training and Operating Costs under Component 3 of the Project.</td>
<td>800,000</td>
<td>100%</td>
</tr>
<tr>
<td>Total Amount</td>
<td>3,000,000</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.

2. The Closing Date referred to in Section 3.06 (e) of the Standard Conditions is June 30, 2022.
APPENDIX I

Section I. Definitions

1. "Accountant General" means a position of accountant general created by the Presidential Decree Law No. 3 (2008), responsible for budget planning; cash flow and management; management and control of funding resources; management of the PA bank accounts; management of the PA financial assets; budget implementation; accounting and financial reports.


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

4. "CCS" or "Commitment Control System" means the Recipient’s system for managing liquidity shortages and fluctuations during Recipient’s budget execution.

5. "General Personnel Council" means Recipient’s official entity that institutionalizes the civil servant sector through the monitoring of the civil service law application and compliance, duly established and operating pursuant to the Presidential Decree No. 131 dated 1994.


7. "HCPPP" means High Council for Public Procurement Policies duly established in September 2012 and operating pursuant to the Cabinet Decree based on Procurement Law No. 8 of 2014.

8. "ICT" means Information and Communication Technology.

9. "IFMIS" or "Integrated Financial Management Information System" means the Ministry of Finance and Planning’s system consisting of solutions to enable MoFP to plan, execute and monitor its budgets and assist with the compliance with financial regulations and reporting standards.

10. "IPSAS" means International Public Sector Accounting Standards.

12. “MoH” or “Ministry of Health” means Recipient’s Ministry of Health or any successor thereof.

13. “PA” means the Palestinian Authority.


15. “PML” means the Recipient’s Project Management Unit to be maintained within the Office of Director General of International Relations and Projects of the Ministry of Finance and Planning pursuant to paragraph 1 of Section I.A of Schedule 2 to this Agreement with the responsibilities assigned to it according to this Agreement.


17. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 6, 2018, 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.

18. “Operating Costs” means expenditures incurred by the PML or the HCPPP on account of the Project for payments for 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.

19. “SAACB” means the Recipient’s State Audit and Administrative Control Bureau duly established and operating pursuant to the State Audit and Administrative Control Bureau Law No. 15 of Year 2004.

20. “Subsidiary Agreement” means the agreement referred to in Section I.C of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Palestinian Authority.

21. “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).