Public Disclosure Authorized

OFFICIAL
DOCUMENTS

TFGBW GRANT NUMBER TF0B1614

Trust Fund Grant Agreement

(Improving Early Childhood Development in the West Bank and Gaza 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)

Public Disclosure Authorized

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TF GRANT NUMBER TF0B1614

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 8 to, *inter alia*, replenish the Trust Fund in the amount of Eighty-one million United States Dollars ($81,000,000), such amount to be transferred from the surplus of the International Bank for Reconstruction and Development and to be used for financing rehabilitation projects in parts of the Gaza Strip ("Gaza") and the West Bank ("West Bank"), which are under the jurisdiction of the Palestinian Authority;

(B) the Palestine Liberation Organization and the Government of the State of Israel have entered, on September 28, 1995, into an agreement which, among other things, sets out certain interim self-government arrangements in Gaza and the West Bank ("Interim Agreement");

(C) Section 5(b) of Article IX of the Interim Agreement authorizes the Palestine Liberation Organization to conduct negotiations and, in certain cases described thereunder, sign agreements with states and international organizations for the benefit of the Palestinian Authority;

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

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

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, jointly through MOE and MOH, shall carry out the Project in close collaboration with MOSD and 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 nine million United States Dollars ($9,000,000) ("Grant") to assist in financing the Project.

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

Article IV

Effectiveness; Termination

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

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

(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 Palestinian Authority.

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

4.02 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 PA and is legally binding upon the Recipient and the PA in accordance with its terms.

4.03. 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.

4.04. 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 V
Recipient's Representative; Addresses

5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its ministry of finance.

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

(a) the Recipient's address is:

Ministry of Finance of the Palestinian Authority
Ramallah
West Bank

Telephone:
970-2-297 8846

Facsimile:
970-2-297-8845

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

(a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

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

By

Authorized Representative

Name: Shukry Bishara

Title: Minister of Finance

Date: January 18th, 2020

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

By

Authorized Representative

Name: Kanthan Shankar

Title: Country Director

Date: January 16th, 2020

SCHEDULE 1

Project Description

The objective of the Project is to improve the coverage and quality of early childhood development services for children from gestation until age five in West Bank and Gaza.

The Project consists of the following parts:

Part 1: Promoting Early Healthy Development

Improving holistic development of children from gestation until age three by strengthening pre and post-natal care, as well as improving nutrition and early stimulation during the critical first 1,000 days of life, through the provision of support to:

(a) equip MOH facilities with the necessary medical equipment for quality pre- and postnatal health care services, including ultrasound machines, incubators, equipment for neonatal hearing and visual assessments, and other necessary items needed to expand the scope of essential services provided to pregnant women and newborn children at MOH facilities, including special training for medical staff for the optimal use of the new equipment; and

(b) enhance caregiver's parenting skills by: (i) developing and piloting of a parenting intervention, targeting vulnerable families on child feeding practices, early stimulation and stress-coping mechanisms; and (ii) developing a public national ECD website and mobile app for all families in West Bank & Gaza.

Part 2: Improving Access to High-Quality Kindergarten Services

Provision of support for expanding access to KG2 and improve the quality of KG services, through:

(a) the expansion of public and private provision of KG access, by: (i) refurbishing and extending public KG2 classrooms, including repurposing existing classrooms or other available spaces in public primary schools, and classrooms extensions in public primary schools with available land; (ii) designing a PPP model to leverage existing KG2 private providers to expand their capacity; and (iii) financing of KG Transfers to eligible KG Private Providers.

(b) the enhancement of children's learning experience by improving teaching practices in KG classrooms, including: (i) the development and roll-out of an in-service KG teacher professional diploma; (ii) the development, production and distribution of a KG teacher toolkit to provide hands-on support to implement targeted learning activities in the classroom, aligned with the KG curriculum; and

(iii) the development and piloting of a KG quality assurance system with (A) clearly defined quality standards; (B) valid and reliable tools to measure KGs against set standards; (C) regular monitoring visits to KGs to administer these tools; and (D) tailored actions and mechanisms triggered by monitoring results to continuously improve quality.

Part 3: Improving Availability of ECD Data

Improvement of the availability of relevant ECD data to strengthen sectoral and multisectoral planning of ECD services in West Bank and Gaza, through: (a) the collection, digitization and sharing of KG and nursery data, including the strengthening of MOE and MOSD's information systems to better track education and social development indicators, respectively; (b) the development of a strategy for the use of multisectoral ECD data; and (c) the provision of capacity building on the use of ECD data for sectoral and multisectoral planning, including the carrying out of a series of workshops for relevant MOE and MOSD staff on proper KG and nursery data entry, submission, compilation, analysis and dissemination, as well as workshops for key officials from MOH, MOE, MOSD and the National ECD Committee on the use of ECD data for evidence-based policymaking.

Part 4: Project Management and Implementation Support

Strengthening the capacity of both MOE and MOH, through the provision of management and implementation support to:

(a) the PCU in managing and overseeing project activities, including (i) staffing capacity and expertise to lend technical and implementation support; (ii) data collection, aggregation and periodic reporting on the project's implementation progress; (iii) monitoring of key performance indicators under Part 1 of the Project; and (iv) collaborating with the PCU on joint reporting of Project progress and financial reports.

(b) the PMU in managing and overseeing Project activities, including (i) staffing capacity and expertise to lend technical and implementation support; (ii) data collection, aggregation and periodic reporting on the Project's implementation progress; (iii) monitoring of the Project's key performance indicators and periodical evaluation; and (iv) overall Project Operating Costs, audit costs and monitoring and compliance with ESCP.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall maintain, throughout Project implementation, the following units: (a) a Project Management Unit ("PMU") within the MOH in charge of overall coordination of Parts 1 and 4 of the Project; and (b) a Project Coordination Unit ("PCU") within MOE in charge of overall coordination of Parts 2, 3 and 4 of the Project. Each unit will be headed by one Director responsible for: (a) coordinating implementation and ensuring the overall technical coherence of the Project activities across the relevant ministries and liaise with the relevant district offices and municipalities; and (b) coordinate all technical, operational, M&E, financial management, procurement and environmental and social safeguards aspects within the respective units and departments at MOE and MOH. Each project unit director will supervise the work of their respective staff and consultants attached to their units, be responsible for the day-to-day activities of the proposed component activities and maintain adequate staffing capacity and expertise to lend technical and implementation support to the Project, including the hiring of an Environmental and Social Officer (ESO) not later than three months after the Effective Date, all in form and with terms of references, functions, composition, staffing and adequate resources acceptable to the Bank, and as further described in the POM.

2. The Recipient shall carry out the Project in accordance with a manual, satisfactory to the Bank, ("Operational Manual" or "POM"), which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following: (a) the detailed description of Project implementation activities and the detailed institutional arrangements of the Project; (b) the Project administrative, accounting, auditing, reporting, financial, environmental and social, procurement and disbursement procedures; (c) the methodology to assess compliance with the criteria for the selection of public schools eligible for refurbishing or extension under Part 2(a)(i) of the Project . In the event that any provision of the POM shall conflict with this Agreement, the terms of this Agreement shall prevail.

3. For the purposes of implementing Part 2(a)(iii) of the Project, the Recipient shall prepare guidelines, satisfactory to the Bank, ("KG Operational Guidelines),which shall include the rules, methods and procedures for the KG Transfers to KG Private Providers, including the following: (a) implementation arrangements; (b) flow of funds and mechanisms for reimbursements; (c) results verifications protocols; (d) eligibility criteria for the selection of eligible KG Private Providers and the

Verification Agency; (e) a model form of the KG Transfer Agreement; and (f) the performance indicators.

4. In the event that any provision of the POM or the KG Operational Guidelines shall conflict with this Agreement, the terms of this Agreement shall prevail and except as the Recipient and the Bank may otherwise agree in writing, the Recipient shall not abrogate, amend, suspend, waive or otherwise fail to enforce the POM, the KG Operational Guidelines or any of their provisions.

5. The Recipient shall maintain throughout Project implementation the National ECD Committee ("ECD **Committee**") with membership and terms of reference acceptable to the Bank and leveraged as a forum to discuss and ensure integration of efforts, harmonization of different initiatives pertinent to the Project, and coordination of stakeholders including ministries, institutions, NGOs and other relevant partners.

6. For the purposes of implementing Part 2(a)(i) of the Project, the Recipient, through MOE, shall furnish to the Bank for its review and approval the final list of Selected Public Schools eligible for refurbishing or extension.

7. The Recipient shall not later than 18 months after the Effective Date: (a) select a Verification Agency, with experience and qualifications acceptable to the Bank and in accordance with terms of reference included in the KG Operational Guidelines, for the carrying out of technical reviews of agreed results during the implementation of Part 2(a)(iii) of the Project; (b) cause the Verification Agency to carry out at least one technical review per year during Project implementation, and thereafter prepare a report of such scope and in such details the Bank shall reasonably request; and (c) furnish to the Bank as soon as available, the reports of the Verification Agency referred to in paragraph (b) above.

8. For the purposes of Part 2(a)(iii) of the Project, the Recipient, after having selected a participating KG Private Provider following the criteria and procedures set forth in the KG Operational Guidelines, shall: (a) enter into an agreement with each eligible KG Private Provider ("**KG** Transfer **Agreement**"), under terms and conditions acceptable to the Bank, for the provision of KG Payments to participating KG Private Providers; and (b) exercise its rights and carry out its obligations under each KG Transfer Agreement in such a manner as to protect the interests of the Recipient and the Bank and to accomplish the objectives of the Project and except the Bank otherwise agree, the Recipient shall not sign, amend, abrogate, repeal, terminate, waive or fail to enforce any KG Transfer Agreement or any of its provisions.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Palestinian Authority under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Palestinian Authority, under terms and conditions approved by the Bank.

2. The Palestinian Authority shall: (a) perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority set forth in the Subsidiary Agreement; (b) take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the Project; and (c) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient, the Palestinian Authority and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Annual Work Plans and Budgets

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

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

D. Environmental and Social Standards

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

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

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

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

(c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and

(d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Bank shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.

In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2. The Recipient through MOE and MOH shall:

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

(b) promptly notify the Bank of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including without limitation any potential Project-related occupational health and safety accidents and incidents or Project-related allegations of GBV or Project-related child labor, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

3. The Recipient through MOE and MOH shall maintain and publicize the availability of a grievance mechanism, 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 ensure that each Project Report is furnished to the Bank not later than 45 days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) Disbursement and Financial Information Letter; and (c) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, consulting services, Training and Operating Costs under Parts 2, 3 and 4(b) of the Project	4,950,000	100%
(2) Goods, non-consulting services, consulting services, Training and Operating Costs under Parts 1 and 4(a) of the Project	3,350,000	100%
(3) KG Transfers under Part 2(a)(iii) of the Project	700,000	
TOTAL AMOUNT	9,000,000	

B. Withdrawal Conditions; Withdrawal Period

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

(a) payments made prior to the date of this Agreement, except withdrawals up to an aggregate amount not to exceed $ 1,800,000 may be made for payments made 12 months prior to this date for Eligible Expenditures under Categories (1) and (2) of the Project;

(b) under Category (3) unless the Recipient, through MOE, has submitted evidence satisfactory to the Bank that the KG Operational Guidelines has been prepared and adopted by the Recipient, through MOE in a manner satisfactory to the Bank.

2. The Closing Date is January 31, 2025.

APPENDIX

Section I. Definitions

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

2. "Anti-Corruption Guidelines" means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, 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.

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

4. "ECD" means early childhood development.

5. "Environmental and Social Commitment Plan" or "ESCP" means the Recipient's environmental and social commitment plan, acceptable to the Bank, dated September 2019, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.

6. "GVB" means GBV: Gender-based Violence

7. "KG" means kindergarten services.

8. "KG2" means kindergarten services level 2, the grade precedent to grade 1 in primary school.

9. "KG Operational Guidelines" means the set of guidelines for the implementation of Part 2(a)(iii) of the Project and referred to in Section I.A.3 of Schedule 2 to this Agreement.

10. "KG Payments" means the payments to participating KG Private Providers, referred to in Section I.A.8 of Schedule 2 to this Agreement.

11. "KG Private Providers" means a for-profit or non-profit establishment operating in West Bank and Gaza and providing kindergarten services at the KG2 level.

12. "KG Transfers" means payments made from the Recipient to an eligible KG Private Provider on the basis of its level of achievement of a set of performance indicators set forth in the respective KG Transfer Agreement and in the KG Operational Guidelines.

13. "KG Transfer Agreement" means the agreements to be entered into between the Recipient, through MOE, and each of the eligible KG Private Providers as set forth in Section I.A.7 of Schedule 2 to this Agreement.

14. "MOE" means the Recipient's Ministry of Education.

15. "MOH" means the Recipient's Ministry of Health.

16. "MOSD" means the Recipient's Ministry of Social Development.

17. "National ECD Committee" means the committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

18. "NGO" means Non-Governmental Organization.

19. "Operating Costs" means incremental costs incurred by MOE and MOH under the Project on account of: (i) salaries and local travel expenditures for temporary staff (excluding civil servants); (ii) local travel expenditures, including *per-diem*, for regular staff; (iii) field offices' office rental, maintenance and utility charges, communication costs, office supplies and consumables, vehicle rental, insurance, maintenance and fuel; (iv) operation and maintenance of office equipment, bank charges, translation services; (v) other miscellaneous costs directly associated with the Project implementation all based on periodic budgets acceptable to the Bank; and (vi) cost of conducting meetings and workshops (other than meetings and/or workshops related to Training)

20. "PCBS" means the Recipient's Central Bureau of Statistics.

21. "PCU" means the unit within MOE referred to in Section I.A.1(b) of Schedule 2 to this Agreement.

22. "PMU" means the unit within MOH referred to in Section I.A.1(a) of Schedule 2 to this Agreement.

23. "PPP" means public-private partnership.

24. "Procurement Regulations" means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the "Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.

25. "Project Operational Manual" or "POM" 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.

26. "Selected Public Schools" means public schools eligible for refurbishing or extension of KG2 classrooms under Part 2(a) of the Project, following the criteria set forth in the POM, including: (a) that the public school has available land to construct a KG2 classroom, or has an existing classroom or space that can be refurbished into a KG2 classroom; (b) that the poverty head count rate of the school's locality is statistically significantly higher than the West Bank average; (c) that there is high demand for KG2 services in the school's locality based on latest population and KG2 enrollment data; and (d) that the number of public and private KG2 classrooms in the school's locality is insufficient to meet local demand for KG2 services

27. "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.

28. "Standard Conditions" means the "International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds", dated February 25, 2019, with the modifications set forth in Section II of this Appendix.

29. "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 Palestinian Authority.

30. "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.

31. "Verification Agency" means the entity referred to in Section I.A.7 of Schedule 2 to this Agreement.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 2.09 is amended to read as follows:

"Section 2.09. *Visits.* The Recipient shall, throughout the implementation of the Project and for a period of ten (10) years thereafter:

(a) enable representatives of the Bank to visit any part of the West Bank and Gaza under the jurisdiction of the Palestinian Authority for purposes related to the Grant; and

(b) enable the Bank's representatives: (i) to visit any facilities and sites included in the Project; and (ii) to examine the goods financed out of the proceeds of the Grant, and any documents relevant to the performance of its obligations under the Grant Agreement."

2. Section 3.07 is amended to read as follows:

"Section 3.07. *Financing Taxes.*

(a) The Grant Agreement may specify that the proceeds of the Grant may not be withdrawn to pay for Taxes levied by, or in the parts of West Bank and Gaza under the jurisdiction of the Palestinian Authority on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant specified in the Grant Agreement, as required to ensure consistency with such limitation on withdrawals."

3. Sub-sections (a) and (h) of Section 4.02 are deleted, and consequently, Sub-sections (b) through (k) are re-lettered as Sub-sections (a) through (i).

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

"(c) *Fraud and Corruption.* At any time, the Bank determines that any representative of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any other recipient of any of the proceeds of the Grant) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Grant, without the Recipient (or any such agency thereof or any such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority or any other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur."

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

"(d) *Cross Suspension.* IBRD or IDA has suspended in whole or in part the right of the Recipient or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient, or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to perform any of its obligations under such agreement or any other agreement with IBRD or IDA."

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

"(g) *Assignment of Obligations; Disposition of Assets.* The Recipient or any other entity responsible for implementing any part of the Project has, without the consent of the Bank: (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Grant Agreement; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Grant; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the Bank: (A) do not materially and adversely affect the ability of the Recipient (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Grant Agreement or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Recipient (or such other entity)."

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

"(i) *Condition of Recipient.* If the Grant has been made to a Recipient which is not a member of IBRD:

(i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Recipient (or of any other entity responsible for implementing any part of the Project).

(ii) The Recipient (or any other entity responsible for implementing any part of the Project) has ceased to exist in the same legal form as that prevailing as of the date of the Grant Agreement.

(iii) In the opinion of the Bank, the legal character, ownership or control of the Recipient (or any other entity responsible for implementing any part of the Project) has changed from that prevailing as of the date of the Grant Agreement so as to materially and adversely affect the ability of the Recipient (or such other entity) to perform any of its obligations arising under or

entered into pursuant to the Grant Agreement, or to achieve the objectives of the Project."

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

"(j) *Ineligibility*. IBRD or IDA has declared the Recipient ineligible to receive proceeds of any financing made by IBRD or IDA or otherwise to participate in the preparation or implementation of any project financed in whole or in part by IBRD or IDA (including as administrator of funds provided by another financier), as a result of a determination by IBRD or IDA that the Recipient has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by IBRD or IDA."

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

"(c) *Fraud and Corruption.* At any time, the Bank determines, with respect to any amount of the proceeds of the Grant, that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient (or any agency thereof or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any other recipient of the proceeds of the Grant) without the Recipient (or any such agency thereof or any such entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, or any such other recipient of the proceeds of the Grant) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur."

10. Sub-section (a) of Section 4.05 is amended to read as follows:

"(a) If the Bank determines that an amount of the Grant has been used in a manner inconsistent with the provisions of the Grant Agreement or these Standard Conditions, the Recipient shall, upon notice by the Bank to the Recipient, promptly refund such amount to the Bank. Such inconsistent use shall include, without limitation:

(i) use of such amount to make a payment for an expenditure that is not an Eligible Expenditure; or

(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).