

**OFFICIAL
DOCUMENTS**

GRANT NUMBER TF016844

Trust Fund Grant Agreement

**(Third Additional Financing for the North Gaza Emergency
Sewage Treatment 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 17, 2014

GRANT NUMBER TF016844

TRUST FUND GRANT AGREEMENT

AGREEMENT, dated June 17, 2014 entered into between the PALESTINE LIBERATION ORGANIZATION (the "Recipient") (for the benefit of the Palestinian Authority) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the "World Bank"), acting as administrator (the "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 (the "Trust Fund") for the purpose of providing additional financing for activities related to the Original Project (as defined in Appendix I to this Agreement).

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") has resolved, on June 28, 2013, to, *inter alia*, replenish the Trust Fund in the amount of fifty-five million 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 (the "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 (the "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) By an agreement between the Recipient and the World Bank (acting as an administrator of grant funds provided by various donors under the Partnership for Infrastructure Development in the West Bank and Gaza Multi-Donor Trust Fund) (the Co-financing Grant Agreement), the World Bank has agreed to make a grant to the Recipient in an amount equivalent to five million United States Dollars (\$5,000,000) to assist in co-financing of the Project on the terms and conditions set forth in the Co-financing Grant Agreement;

(E) under the Original Trust Fund Grant Agreement (as defined in Appendix I to this Agreement) the World Bank has provided a grant to the Recipient out of the Trust Fund for the implementation of the project described in the Original Trust Fund Grant Agreement. The World Bank provided additional financings to the project described in the Original Trust Fund Grant Agreement under the Additional Financing Trust Fund Grant Agreement and under the Second Additional Financing Trust Fund Grant Agreement (as respectively defined in Appendix I to this Agreement);

(F) the Palestinian Authority, on behalf of the Recipient, has requested the World Bank to provide a third additional financing for activities related to the Original Project; and

(G) 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, upon the terms and conditions set forth in this Grant 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 the Appendix II 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, the Original Trust Fund Grant Agreement, or in this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall cause the Palestinian Authority to carry out the Project through the PMU 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
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, the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

**Article V
Effectiveness; Termination**

- 5.01 This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied in a manner and in form and substance satisfactory to the World Bank:
 - (a) The execution and delivery of this Agreement on behalf of the Recipient have 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.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

- (a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and
 - (b) the Subsidiary Agreement referred to in Section I.B of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and the Palestinian Authority and is legally binding upon each such party in accordance with its terms.
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

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

6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance, Palestinian National Authority
Ramallah, West Bank and Gaza

Telephone:

970-2-297 8846

Facsimile:

970-2-297 8845

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

International Development Association
1818 H Street, N.W.

Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

AGREED at the West Bank, as of the day and year first above written.

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

By



Authorized Representative

Name: Shukry Bishara

Title: Minister of Finance

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

By



Authorized Representative

Name: Steen Jorgensen

Title: Country Director

SCHEDULE 1

Project Description

The objectives of the Project are to: (i) mitigate the health and environmental safety threats to the communities surrounding the effluent lake at Beit Lahia; and (ii) provide a satisfactory long-term solution to the treatment of wastewater for the Northern Governorate in Gaza.

The Project consists of the following parts, subject to such modifications thereof as the Recipient and the World Bank may agree upon from time to time to achieve such objectives:

Part A: Effluent Transfer to the Proposed North Gaza Wastewater Treatment Site

1. Maintenance of the Project Management Unit with day-to-day responsibilities for the implementation of the Project and financing of its Incremental Operating Costs.
2. Implementation of: (a) remedial works at the Beit Lahiya Wastewater Treatment Plant; and (b) risk mitigation measures at the North Gaza Wastewater Treatment Plant comprising the first phase of the effluent recovery and reuse scheme which would result in the recovery of about 15,000 M³/day of treated wastewater.

Part B: Construction of the North Gaza Wastewater Treatment Plant

1. Construction of phase one of the North Gaza Wastewater Treatment Plant with a capacity of 35,600 m³/day and comprising three (3) treatment modules for secondary biological treatment with nitrogen removal, as well as sludge treatment, digestion, electricity generation, dewatering, drying and storage, including: (a) acquisition of equipment and materials; and (b) operation and maintenance of the North Gaza Wastewater Treatment Plant for three (3) years after the commissioning of the said Wastewater Treatment Plant.
2. Supervision of construction works under Part B.1 of the Project and implementation of the environmental monitoring plan for the said construction works, including the provision of necessary consultants' services.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. (a) The Recipient shall cause the Palestinian Authority to maintain the Project Implementation Manual in form and substance satisfactory to the World Bank. The Project Implementation Manual shall set out details of the procedures, guidelines, timetables and other pertinent institutional and implementation arrangements relating to the carrying out of the Project.
- (b) The Recipient shall cause the Palestinian Authority to carry out the Project in accordance with the Project Implementation Manual, the Environmental Assessment, the Supplementary Environmental and Social Assessment, and the Resettlement Action Plan. Except as the World Bank shall otherwise agree, the Recipient shall cause the Palestinian Authority not to amend or waive any provision of the Project Implementation Manual, Environmental Assessment, Supplementary Environmental and Social Assessment, and the Resettlement Action Plan if, in the opinion of the World Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.
2. The Recipient shall cause the Palestinian Authority to maintain the Project Management Unit in a form and with functions, staffing and resources satisfactory to the World Bank. The PMU shall have overall day-to-day responsibility for the carrying out of the Project, including procurement and financial management responsibilities under the Project. The PMU shall be assisted by an adequate number of staff (including a Finance Manager) with qualifications and experience satisfactory to the World Bank, who shall be employed on terms and conditions, satisfactory to the World Bank.
3. The Recipient shall cause the Palestinian Authority to continue to employ a Project Director with qualifications and experience, and upon terms and conditions, satisfactory to the World Bank.
4. The Recipient shall, to the extent practicable, take all necessary actions to ensure that the Project Coordination Committee is maintained in a form and with functions, membership, staffing and resources satisfactory to the World Bank. The PCC shall be responsible for the day-to-day coordination of Project activities and the monitoring of arrangements pertaining to the execution of the Project.

5. The Recipient shall in due course cause the Palestinian Authority to take all necessary actions to ensure that the CMWU is strengthened and equipped with sufficient capacity (including managerial and financial capacity) to enable it to carry out efficiently the operational and maintenance responsibilities to be entrusted to it under the Project with regard to the plant and physical facilities constructed under the Project.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Palestinian Authority under a subsidiary agreement between the Recipient and the Palestinian Authority, under terms and conditions approved by the World Bank.
2. The Recipient shall cause the Palestinian Authority: (i) to perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority therein set forth; (ii) to take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the Project; and (iii) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.
3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall cause the Palestinian Authority to carry out the recommendations of the Environmental Assessment, the Supplementary Environmental and Social Assessment, and the Resettlement Action Plan in accordance with the objectives, policies, procedures, time schedules and other provisions set forth therein.
2. The Recipient shall cause the Palestinian Authority: (a) to refrain from taking any action which shall prevent or interfere with the carrying out of the Environmental Assessment, the Supplementary Environmental and Social Assessment, or the

Resettlement Action Plan; and (b) not to amend, abrogate or waive the Environmental Assessment, the Supplementary Environmental and Social Assessment, the Resettlement Action Plan, or any of their provisions without prior approval of the World Bank.

3. For the purposes of Part A.2 of the Project the Recipient shall:
 - (a) take measures to avoid or minimize the acquisition of land or assets of the affected population, and to avoid the displacement of said population;
 - (b) where the acquisition of land or assets, or the displacement of people is unavoidable, ensure that no works under Part A.2 of the Project which would result in such acquisition or displacement, are started until an adequate compensation, and/or other resettlement and rehabilitation benefits are provided to such people in accordance with the Resettlement Action Plan.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 shall have its Financial Statements 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

A. General

1. **Goods, Works, and Non-consulting Services.** All goods, works, and non-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 Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding (subject to the following additional procedures in paragraph (3) below); (b) Shopping; and (c) Direct Contracting.
3. The additional procedures to be followed for National Competitive Bidding:
 - (a) public enterprises in parts of the West Bank and Gaza under the jurisdiction of the Palestinian Authority shall be eligible to participate in

bidding only if they can establish that they are legally and financially autonomous, operate under commercial law, and are not a dependent agency of the Palestinian Authority;

- (b) foreign bidders shall be eligible to participate under the same conditions as local bidders. In particular, no preference over foreign bidders shall be granted to local bidders in bid evaluation;
- (c) invitations to bid shall be advertised on at least two (2) consecutive days in a local newspaper of wide circulation, and prospective bidders shall be allowed a minimum of thirty (30) days between the date on which the notification appears for the first time and the deadline for bid submission. With the specific approval of the World Bank, this minimum period of 30 days may be reduced to a minimum period of 10 days in the case of emergency operations;
- (d) until standard bidding documents acceptable to the World Bank have been introduced by the Palestinian Authority, the standard bidding documents of the World Bank shall be used;
- (e) qualification criteria shall be clearly specified in the bidding documents, and *all* criteria so specified, and *only* criteria so specified, shall be used to determine whether a bidder is qualified. Bids of bidders not meeting such criteria shall be rejected as non-qualified. The fact that a bidder meets or surpasses the specified qualification criteria shall not be taken into account in the evaluation of such bidder's bid;
- (f) evaluation criteria shall be clearly specified in the bidding documents, and all evaluation criteria other than price shall be quantified in monetary terms. *All* evaluation criteria so specified, and *only* criteria so specified, shall be used in bid evaluation. Merit points shall not be used in bid evaluation;
- (g) if classification of contractors is required, contractors that have not yet been classified but meet the required qualifications shall be enabled to obtain the necessary classification during the bidding procedure. Any contractor that has been classified in a class higher than the lowest class shall not be restricted to bidding in his own class but shall be eligible also to bid in any lower class;
- (h) bids shall be submitted in sealed envelopes and shall be accepted whether mailed or hand-carried;
- (i) bids shall be opened in the presence of bidders who wish to attend, and immediately after the deadline for bid submission. Said deadline, and the

place of bid opening, shall be announced in the invitation to bid. The name of each bidder, and the amount of his bid, shall be read aloud and recorded when opened in the minutes of bid opening. The minutes of bid opening shall be signed by the members of the bid opening committee immediately after bid opening;

- (j) bids received after the deadline for bid submission shall be returned to the bidders unopened;
- (k) a bid containing material deviations from or reservations to the terms, conditions and specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened;
- (l) the bid evaluation shall be carried out in strict adherence to the criteria specified in the bidding documents, and the contract shall be awarded to the qualified bidder offering the lowest evaluated and substantially responsive bid;
- (m) a bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify his bid as originally submitted; and
- (n) there shall be no post-bidding negotiations with the lowest or any other bidder.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Least-Cost Selection; (c) Selection Based on Consultants' Qualifications; (d) Single Source Selection; and (e) Individual Consultants.

D. Procurement of Incremental Operating Costs

Expenditures included in the Incremental Operating Costs category can be procured in accordance with the established Recipient's administrative procedures acceptable to the World Bank.

E. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Section IV. Withdrawal of the Proceeds of the Grant

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of Article III of the Standard Conditions, this Section, and such additional instructions as the World Bank shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in US\$)	Percentage of Expenditures to be Financed
(1) Works, goods, non-consulting services, consultants' services, (including audit), Incremental Operating Costs and North Gaza Wastewater Treatment Plant operation and maintenance expenditures	3,000,000	100%
TOTAL	3,000,000	

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 is December 31, 2017.

APPENDIX I

Section I. Definitions

1. “Additional Financing Trust Fund Grant Agreement” means a trust fund grant agreement between the International Development Association, acting as administrator of the Trust Fund for Gaza and West Bank, and the Recipient, dated June 30, 2008, (Trust Fund Number TF092196 GZ) for the additional financing of the project described in the Original Trust Fund Grant Agreement.
2. “Anti-Corruption Guidelines” means 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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CMWU” means the Coastal Municipalities Water Utility referred to in Section I.A.5 of Schedule 2 to this Agreement.
5. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
6. “Environmental Assessment” means the Recipient’s Environmental Assessment, including the Environmental Management Plan, furnished to the World Bank on March 29, 2006, as amended thereafter, as such Environmental Assessment may be updated, revised or amended from time to time by agreement between the Recipient and the World Bank.
7. “Incremental Operating Costs” means Project related expenditures incurred by the PMU on account of contractual staff salaries, rental of office space, insurance costs, communication costs, office equipment, office supplies, utility charges, fuel, banking charges, maintenance costs of equipment purchased under, or assigned to, the Project, advertisement for procurement purposes, Project related travel and *per diem* allowances, but excluding salaries of civil servants of the Palestinian Authority.
8. “Original Grant Agreement” or “Original Trust Fund Grant Agreement” means the Trust Fund Grant Agreement for the North Gaza Emergency Sewage Treatment Project between the World Bank and the Palestinian Liberation Organization (for the benefit of the Palestinian Authority), dated October 27, 2004, as amended to the date of this Agreement (TF054208).
9. “Original Project” means the Project described in the Original Grant Agreement.

10. "PCC" means the Project Coordination Committee referred to in Section I.A.4 of Schedule 2 to this Agreement and assigned coordination responsibilities under the Project.
11. "PMU" means the Recipient's Project Management Unit to be maintained within the Palestinian Water Authority pursuant to paragraph 2 of Section I.A of Schedule 2 to this Agreement with the responsibilities assigned to it according to this Agreement.
12. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
13. "Procurement Plan" means the Recipient's procurement plan for the Project, dated January 12, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
14. "Project Implementation Manual" means the Palestinian Authority's Project Implementation Manual, referred to in Section I.A.1 of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the World Bank.
15. "Resettlement Action Plan" means the Resettlement Action Plan prepared by the Recipient for the purposes of the Project which set forth the compensation and rehabilitation measures to be carried out to address the impacts of displacement and loss of livelihood resulting from the implementation of the Project disclosed in the World Bank Infoshop on February 28, 2014.
16. "Second Additional Financing Trust Fund Grant Agreement" means a trust fund grant agreement between the International Development Association, acting as administrator of the Trust Fund for Gaza and West Bank, and the Recipient, dated October 25, 2010, (Trust Fund Number TF097081-GZ) for the second additional financing of the project described in the Original Trust Fund Grant Agreement.
17. "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.
18. "Supplementary Environmental and Social Assessment" means the Recipient's Supplementary Environmental and Social Assessment, including the Environmental Management Plan, disclosed in the World Bank Infoshop on August 18, 2013, as such Supplementary Environmental and Social Assessment

may be updated, revised or amended from time to time by agreement between the Recipient and the World Bank.

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).