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GRANT NUMBER TF094590 GZ

# Trust Fund Grant Agreement

(Additional Financing for the Tertiary Education 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 July 14, 2009

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**GRANT NUMBER TF094590 GZ**

**TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated July 14, 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 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”).

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development and the International Development Association has resolved, on June 4, 2008, 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; and

(D) the Palestinian Authority, on behalf of the Recipient, has requested the World Bank to provide additional financing for activities related to the Original Project (as defined in Appendix I to this Agreement) which are 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, upon the terms and conditions set forth in this Grant Agreement.

The Recipient and the Administrator 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 July 1, 2008 (“Standard Conditions”) including the modifications set out in 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 or in this Agreement.
- 1.03. All provisions of the Original Trust Fund Grant Agreement remain in full force and effect.

## **ARTICLE II - THE PROJECT**

- 2.01. The Recipient declares its commitment to the objectives of the Project described in Schedule 1 to this Agreement. To this end, the Recipient shall cause the Palestinian Authority to carry out the Project through MOEHE 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 five million United States Dollars (\$5,000,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

## **ARTICLE IV - 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 the condition specified below has been satisfied, namely that the Subsidiary Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed on behalf of the Recipient and the Palestinian Authority, as represented by the Minister of Finance of 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 referred to in Section I.A of Schedule 2 to this Agreement has been duly authorized or ratified by the Recipient and the Palestinian Authority and is legally binding upon each such party in accordance with its terms.
- 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:

H.E. Dr. Salam Fayyad  
Prime Minister and Minister of Finance  
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

Cable:

INDEVAS  
Washington, D.C.

Telex:

248423 (MCI) or  
64145 (MCI)

Facsimile:

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 /s/ Salam Fayyad

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION  
(as Administrator of the Trust Fund for Gaza and West Bank)

By /s/ Dina N. Abu-Ghaida

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objectives of the Project are to assist the Palestinian Authority to: (a) improve the policymaking environment for tertiary education management, governance and quality assurance; (b) increase the internal and external efficiency of the tertiary education institutions; and (c) create incentives and provide the basis for improvements in efficiency, quality and relevance of supply of tertiary education.

The Project consists of the Original Project with the modifications as set out below:

#### **Part A: Strengthening the Policy Making Role of MOEHE, HEC and AQAC**

1. Capacity building of MOEHE to develop tertiary education policy and practice, improved governance, oversight planning, and support to HEC, through, *inter alia*, staff training, technical workshops, studies and analysis, including publication and dissemination of tertiary education system reports, and provision of administrative tools and technical assistance.

2. Provision of technical assistance to enhance and reinforce existing capacity of MOEHE to set quality and management standards in line with international standards through, *inter alia*, staff training, capacity building of AQAC, and participation in quality assurance and academic recognition networks.

3. Establishment of TEMIS to provide system-wide information on tertiary education for stakeholders' decision making including, *inter alia*, provision of staff training, software and related hardware equipment.

#### **Part B: Capacity Building Program to Increase Internal and External Efficiency of Tertiary Education Institutions**

No activities will be undertaken within this component under this Additional Financing.

#### **Part C: Support to Quality Improvement of the Beneficiaries**

Financing Sub-Projects through the provision of QIF Grants to Beneficiaries.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Institutional and Other Arrangements**

##### **A. 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; (iii) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Project and (iv) to carry out the Project in accordance with the Anti-corruption Guidelines.

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 PA Subsidiary Agreement or any of its provisions.

##### **B. Project Implementation**

1. The Recipient, through the Palestinian Authority, shall cause MOEHE to carry out the Project in accordance with the provisions of the Project Implementation Plan and QIF Implementation Manual, the Procurement Plan, and the Disbursement Plan and except as the World Bank shall otherwise agree, the Recipient, through the Palestinian Authority, shall not permit MOEHE to amend or waive any provision of such plans 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, through the Palestinian Authority, shall cause MOEHE to maintain PCU in a form and with functions, staffing and resources satisfactory to the World Bank (including specialists in procurement and financial management). PCU shall coordinate all activities under the Project, including: (i) financial management; (ii) procurement; (iii) monitoring and evaluation; and (iv) preparing and submitting to the World Bank quarterly consolidated progress reports and financial statements.

3. The Recipient, through the Palestinian Authority, shall maintain PTC headed by the Assistant Deputy Minister for Higher Education of MOEHE and consisting of senior officials of MOEHE. PTC shall be responsible for overseeing and coordinating the implementation of the Project.
4. The Recipient, through the Palestinian Authority, shall cause MOEHE to maintain QIF in a form and with functions, staffing and resources satisfactory to the World Bank. QIF staff shall be housed in MOEHE and shall be supervised by the Director of QIF and the Assistant Deputy for Higher Education-Chair of the Project Technical Committee.
5. The Recipient, through the Palestinian Authority, shall cause MOEHE to ensure that QIF Grants shall be made to the Beneficiaries in accordance with the QIF Implementation Manual, with terms and conditions satisfactory to the World Bank, including those set forth in Section C. below.

### **C. Quality Improvement Fund Grants**

1. (a) To be eligible for a QIF Grant, a Beneficiary must prepare and furnish a Sub-Project proposal to MOEHE that fully meets the eligibility criteria specified in the QIF Implementation Manual.
  - (b) In evaluating each Sub-Project proposal, consideration shall be given to the Beneficiary's capacity to carry out, manage and maintain the Sub-Project in conformity with appropriate educational, administrative, financial, technical and managerial standards.
2. (a) The Recipient, through the Palestinian Authority, shall cause MOEHE to make appropriate amounts of the proceeds of QIF Grant available to the Beneficiary under a Sub-Grant Agreement. The Sub-Grant Agreement shall provide for rights adequate to protect the interests of the World Bank, the Recipient and the Palestinian Authority, including to the extent that it shall be appropriate to:
  - (i) require the Beneficiary to carry out the Sub-Project with due diligence and efficiency and in accordance with sound educational, administrative, financial, technical and managerial standards; and maintain adequate records for the Sub-Project concerned;
  - (ii) require that all goods and services required for the Sub-Project shall be procured in accordance with the provisions of this Agreement and the Procurement Plan;
  - (iii) require that all goods and services shall be used exclusively in the carrying out of the Sub-Project; and

- (iv) suspend or terminate the right of the Beneficiary to the use of the proceeds of the QIF Grant upon the failure by the Beneficiary to perform any of its obligations under the Sub-Grant Agreement.

**D. Anti-Corruption**

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

**Section II. Project Monitoring, Reporting, and Evaluation**

**A. Project Reports**

1. The Recipient, through the Palestinian Authority shall cause the MOEHE to monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators agreed with the World Bank. Each Project Report shall cover the period of one (1) calendar quarter, 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, through the Palestinian Authority, prepare summary monthly progress statements, acceptable to the World Bank. Each such summary monthly progress statement shall cover the implementation of the Project during the preceding month.

3. For purposes of Section 2.06 (b) (ii) of the Standard Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the World Bank not later than June 30, 2013.

**B. Financial Management; Financial Reports; Audits**

1. The Recipient, through the Palestinian Authority, shall cause the MOEHE to maintain a financial management system in accordance with the provisions of accordance with the provisions of Section 2.07 of the Standard Conditions.

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

3. The Recipient, through the Palestinian Authority shall cause the MOEHE to prepare financial statements and have these statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal 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. Procurement and Consultant Guidelines.** All goods, works and 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:

(a) Section I of the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 and revised in October, 2006 (“Procurement Guidelines”) in the case of goods and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Recipients” published by the World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services; and

(b) the provisions of this Section III, as the same shall be elaborated in the Procurement Plan.

**2. Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

#### **B. Particular Methods of Procurement of Goods and Works**

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

**2. Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and works: (a) National Competitive Bidding (b) Shopping; (c) Direct Contracting. The Procurement Plan shall specify the circumstances under which such methods may be used. The procedures to be followed for National Competitive Bidding shall be subject to the following additional procedures:

- (i) 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;

- (ii) 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;
- (iii) 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 thirty (30) days may be reduced to a minimum period of ten (10) days in the case of emergency operations;
- (iv) until standard bidding documents acceptable to the World Bank have been introduced by the Recipient, the standard bidding documents of the World Bank shall be used;
- (v) 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;
- (vi) 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;
- (vii) 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;
- (viii) bids shall be submitted in sealed envelopes and shall be accepted whether mailed or hand-carried;
- (ix) 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;

- (x) bids received after the deadline for bid submission shall be returned to the bidders unopened;
- (xi) 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;
- (xii) 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;
- (xiii) 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
- (xiv) 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; (e) Selection of Individual Consultants; and (f) Sole Source Procedures for the Selection of Individual Consultants.

**D. Review by the World Bank of Procurement Decisions**

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

**Section IV. Withdrawal of Grant Proceeds**

**A. General**

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in US Dollars)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) Consultants' Services, audit, training and other services	755,000	100%
(2) QIF Grants	4,200,000	100%
(3) Incremental Operating Costs	45,000	100%
<b>TOTAL AMOUNT</b>	<b>5,000,000</b>	

For purposes of this table "Incremental Operating Costs" means costs incurred by MOEHE under the Project on account of: (i) maintenance of office equipment; (ii) transportation and travel, including per diem allowances for PCU staff in local and/or international travel status; (iii) rental of office space; (iv) office supplies, utilities and office administration, including translation, printing and advertising costs; (v) vehicles maintenance and insurance, including fuel costs; (vi) communication costs; (vii) costs for production of bidding documents; and (viii) commercial bank charges.

**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(c) of the Standard Conditions is December 31, 2012.

## APPENDIX I

### Definitions

1. “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.
2. “Accreditation and Quality Assurance Commission” or “AQAC” means the autonomous body established pursuant to MOEHE (as hereinafter defined) decree (No.2 of 2002), to monitor quality and license tertiary education institutions and provide accreditation to academic programs offered in tertiary education institutions under the jurisdiction of the Palestinian Authority.
3. “Beneficiary” means a tertiary education institution that receives a QIF Grant (as hereinafter defined) under Part C of the Project;
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “Council for Higher Education” or “CHE” means the autonomous body established pursuant to the Recipient’s Higher Education Law (No.11 of 1998), to oversee policy and practice of higher education institutions under the jurisdiction of the Palestinian Authority.
6. “Disbursement Plan” means the work plan dated April 22, 2009, setting forth the projected disbursement targets and modalities for disbursements under the Original Project and the Additional Financing.
7. “MOEHE” means the Ministry of Education and Higher Education of the Palestinian Authority, or any successor thereto.
8. “Original Project” means the project described in the Original Trust Fund Grant Agreement.
9. “Original Trust Fund Grant Agreement” means the Trust Fund Grant Agreement for the Tertiary Education Project (TF055089) between the World Bank and the Palestinian Liberation Organization (for the benefit of the Palestinian Authority), dated May 16, 2005.
10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 22, 2009, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

11. "Project Coordination Unit" or "PCU" means the Project coordination unit to be maintained pursuant to paragraph 2 of Section B. of Schedule 2 to this Agreement
12. "Project Implementation Plan" or "PIP" means the Project implementation plan for the Project, setting out details of the procedures, guidelines, timetables and other pertinent institutional and implementation arrangements for the carrying out of the Project.
13. "Project Technical Committee" or "PTC" means the Project technical committee to be maintained pursuant to paragraph 3 of Section B. of Schedule 2 to this Agreement.
14. "Quality Improvement Fund" or "QIF" means the quality improvement fund to be maintained pursuant to paragraph 4 of Section B. of Schedule 2 to this Agreement.
15. "Quality Improvement Fund Grant" or "QIF Grant" means a grant provided to a Beneficiary, pursuant to Section C. of Schedule 2 to this Agreement.
16. "QIF Implementation Manual" means MOEHE's quality improvement fund implementation manual for Part C of the Project, as updated on April 22, 2009, setting out details of procedures, guidelines and eligibility criteria for QIF Grants.
17. "Sub-Grant Agreement" means a written agreement to be entered into between MOEHE and a Beneficiary in accordance with terms and conditions set forth in the QIF Implementation Manual, satisfactory to the World Bank, including those set forth in Section C. of Schedule 2 to this Agreement.
18. "Sub-Project" means a tertiary education quality improvement project or scheme to be carried out by a Beneficiary under Part C of the Project which meets the eligibility criteria to receive a QIF Grant set out in the QIF Implementation Manual.
19. "Subsidiary Agreement" means the agreement referred to in Section I.A of Schedule 2 to this Grant Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Palestinian Authority.
20. "Tertiary Education Management Information System" or "TEMIS" means the tertiary education management information system of MOEHE to be established under Part A.3 of the Project.

## 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).