
GRANT NUMBER TF0C1582

Development Policy Trust Fund Grant Agreement

(Development Policy Trust Fund Grant)

between

**PALESTINE LIBERATION ORGANIZATION
(for the benefit of the Palestinian Authority)**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Palestinian Umbrella for Resilience Support to the
Economy Multi-Donor Trust Fund)**

GRANT NUMBER TF0C1582

DEVELOPMENT POLICY TRUST FUND GRANT AGREEMENT

AGREEMENT dated as of the Signature Date, entered into between the PALESTINE LIBERATION ORGANIZATION (“Recipient”), for the benefit of the Palestinian Authority, and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the Palestinian Umbrella for Resilience Support to the Economy (“PURSE”) Multi-Donor Trust Fund, established on June 27, 2021 and the International Development Association (“Trust Fund”), for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

WHEREAS: (A) the Palestinian Umbrella for Resilience Support to the Economy Multi-Donor Trust Fund (PURSE) was established on June 27, 2021, with the objective of strengthening the Recipient’s sustainable recovery, economic reform and social resilience through the following four pillars: (1) Macro-fiscal Stability and Public Financial Management; (2) Human Capital and Service Delivery; (3) Financial and Private Sector Development and Job Generation, and (4) Social Protection to the Poor and at-risk Population;

(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 as described thereunder, sign agreements with states and international organizations for the benefit of the Palestinian Authority;

(D) The Bank has received from the Palestinian Authority a Letter of Development Policy dated February 8, 2023, setting out the Palestinian Authority’s commitments with the Program (“LDP”);

(E) the Palestinian Authority, on behalf of the Recipient, has requested the Bank to assist in financing the Program under this thirteenth Development Policy Trust Fund Grant Agreement; and

(F) the Bank has decided to provide this financing to the Recipient on the basis, *inter alia*, of: (a) the foregoing; (b) the actions which the Recipient has already taken or supported to the satisfaction of the Bank under the Program, and which are described in Section I of the Schedule to this Agreement; and (c) the Recipient’s maintenance of an adequate macroeconomic policy framework.

The Recipient and the Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

- 1.01. The Standard Conditions (as defined in the Appendix of this Agreement) and with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement.

Article II
The Program

- 2.01. The Recipient declares its commitment to the Program and its implementation. To this end, the Recipient shall:
 - (a) cause the Palestinian Authority to work towards the implementation of, and carry out, the Program with due diligence and efficiency, and in accordance with the provisions of this Agreement;
 - (b) cause the Palestinian Authority to exchange, from time to time, views with the Bank on the progress achieved in carrying out the Program, at the request of either party;
 - (c) prior to each such exchange of views, cause the Palestinian Authority to furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request;
 - (d) cause the Palestinian Authority to furnish all information covering the implementation of the Program and the use of proceeds of the Grant as the Bank shall reasonably request;
 - (e) without limitation upon the provisions of paragraphs (b) and (c) of this Section, cause the Palestinian Authority to promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program, or any action taken or supported under the Program, including any of the actions which the Recipient has already taken or supported under the Program and which are described in Section I of the Schedule to this Agreement; and
 - (f) without limitation upon the provisions of paragraphs (b), (c) and (e) of this Section, cause the Palestinian Authority to participate in consultation

meetings with the Bank to take place every calendar quarter (or more often, as required, at the reasonable request of the Bank or the Recipient).

**Article III
The Grant**

- 3.01. The 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 not to exceed eight million four hundred thirty-six thousand and two hundred seventeen United States Dollars (\$8,436,217) (“Grant”) to assist in financing the Program.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of the Schedule to this Agreement.

**Article IV
Additional Remedies**

- 4.01. The Additional Event of Suspension referred to in Section 4.02 (i) of the Standard Conditions consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be implemented or carried out.

**Article V
Effectiveness; Termination**

- 5.01. This Agreement shall not become effective until:
 - (a) the Bank is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework; and
 - (b) evidence satisfactory to the Bank has been furnished to the Bank that: (i) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental actions; and (ii) the Subsidiary Agreement referred to in Section III of the Schedule to this Agreement has been executed between the Recipient and the Palestinian Authority.
- 5.02. By signing each of: (a) this Agreement; and (b) the Subsidiary Agreement (for purposes of this Section, each, a “Warranted Agreement”), the Recipient shall be deemed to represent and warrant that on the Signature Date, or on the date agreed by the parties thereto to be the date of the Subsidiary Agreement, the respective Warranted Agreement, has been duly authorized by, and executed and delivered on

behalf of, the Recipient and is legally binding upon the Recipient in accordance with its terms.

- 5.03. Except as the Recipient and the Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient’s Representative; Addresses

- 6.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.
- 6.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Palestinian Authority
Ramallah, West Bank and Gaza

| | |
|----------------|----------------|
| Telephone: | Facsimile: |
| 970-2-297 8846 | 970-2-297-8845 |

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

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

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

AGREED as of the Signature Date.

**PALESTINE LIBERATION ORGANIZATION
(for the benefit of the Palestinian Authority)**

By

Mr. Shukry Bishara

Authorized Representative

Name: Mr. Shukry Bishara

Title: Minister of Finance

Date: 04-Jul-2023

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of the Palestinian Umbrella for
Resilience Support to the Economy Multi-Donor Trust Fund)**

By

Stefan Emblad

Authorized Representative

Name: Stefan Emblad

Title: Country Director

Date: 20-Jun-2023

SCHEDULE
Program Description

Program Actions; Program Monitoring; Availability of Grant Proceeds

Section I. Actions Taken Or Supported under the Program

The actions taken or supported by the Recipient under the Program to the satisfaction of the Bank include the following:

Pillar 1: Improve the Structural Fiscal Balance and Strengthen the Effectiveness of Public Procurement

1. To improve revenue mobilization and reduce tax evasion, the Recipient, through its revenue directorate at the Ministry of Finance, will strengthen cross checks on VAT invoices by mandating businesses to use an online portal to submit their monthly VAT invoices for purchases and sales to be reconciled with those submitted by other businesses, as evidenced by instructions by the Director General of revenues issued on October 30, 2022.
2. To renew the impetus on wage bill reform, the Recipient, through its Cabinet, has:
(a) adopted an attrition target for net public employment whereby yearly civil and security personnel appointments do not exceed 50 percent of retirement-related and other kinds of departures from the PA during the same year, as evidenced by Cabinet decision No. (18/181/01) dated November 14, 2022, and (b) requested all government agencies to assess their human resources needs and skills, on a yearly basis and submit a list to the Cabinet identifying employee surplus and shortages of skills, with the purposes of reallocating and/or training surplus employees to enhance efficiency, as evidenced by Cabinet decision No. 18/178/19 dated October 10, 2022.
3. To improve the professional quality of procurement staff in the Palestinian Authority, and to enhance the effectiveness of public procurement, the Recipient, through its Cabinet, approved the “*Procurement Capacity Building and Professionalization Strategy*” which recognizes procurement as a distinct profession in civil service, institutes a permanent procurement training program and establishes an independent certification mechanism for procurement staff, as evidenced by Cabinet decision No. (18/186/03) dated December 19, 2022.

Pillar 2: Strengthen the Integrity of the Financial Sector and Pursue Digital Transformation

4. To modernize the Anti-Money Laundering and Combating Financing of Terrorism legal framework, and to align it with international best practices, the Recipient, upon recommendation of the Council of Ministers on July 4, 2022 and through its

President, enacted a new AML/CFT law No. 39 published in the official gazette No. 193 on August 14, 2022, and AML/CFT instructions for financial institutions licensed to operate in the Palestinian territories, as evidenced by Instructions No. 2, issued by the National Committee for AML/CFT and published in the official gazette No. 192 of June 30, 2022.

5. The Recipient, through the PMA, further advanced the digital transformation agenda in the financial sector and enhanced public confidence in electronic transactions by enacting a national payments law regulating the use of e-money and strengthening the PMA's authority over entities providing e-money services, as evidenced by Presidential decree No. 41 dated August 8, 2022, published in the official gazette No. 193 on August 14, 2022.
6. To support women empowerment through financial inclusion, the Recipient, through the PMA, issued circular No. 201/2022 dated September 6, 2022, adopting a single definition for female-owned enterprises applicable to all microfinance institutions, and introducing the obligation to disclose the number and size of financing provided to these businesses on a regular basis, in order to strengthen the role of MFIs in supporting women.

Section II. Program Monitoring and Reporting

1. The Recipient shall, through the Palestinian Authority, monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of re-numbered Section 2.05 of the Standard Conditions that set out the progress on the implementation of the Program. Each Program Report shall cover the period of one (1) calendar quarter and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.
2. The Recipient shall, on request by the Bank, through the Palestinian Authority, prepare the Completion Report in accordance with the provisions of re-numbered Section 2.05 of the Standard Conditions. The Completion Report shall be furnished to the Bank not later than six (6) months after the Closing Date.

Section III. Subsidiary Agreement

1. To facilitate the carrying out of the Program, 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 Bank.
2. The Recipient shall cause the Palestinian Authority: (a) to perform in accordance with the provisions of the Subsidiary Agreement all of the obligations of the Palestinian Authority therein set forth; (b) to take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the

carrying out of the Program; and (c) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Program.

3. The Recipient shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient 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, waive or fail to enforce the Subsidiary Agreement or any of its provisions.

Section IV. Availability of Grant Proceeds

- A. General.** 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 Bank may specify by notice to the Recipient.
- B. Allocation of Grant Amounts.** The Grant shall be withdrawn in a Single Withdrawal Tranche.
- C. Withdrawal Tranche Release Conditions.** No withdrawal shall be made unless the Bank is satisfied: (1) with the Program being carried out by the Recipient; and (2) with the adequacy of the Recipient's macroeconomic policy framework.
- D. Deposit of Grant Amounts.**

Except as the Bank may otherwise agree:

1. The Recipient shall cause the Palestinian Authority to open, prior to furnishing to the Bank the request for withdrawal from the Grant Account, and thereafter maintain, a deposit account ("Deposit Account") on terms and conditions satisfactory to the Bank.
2. The Deposit Account shall be opened by the Palestinian Authority under the bank account of the MOF ("Central Treasury Account") and shall be used solely for the purposes of carrying out the Program.
3. All withdrawals from the Grant Account shall be deposited by the Bank into the Deposit Account.
4. The Recipient shall cause the Palestinian Authority to ensure that upon each deposit of a withdrawal from the Grant Account into the Deposit Account, an equivalent amount is accounted for in the Palestinian Authority's budget management system, in a manner acceptable to the Bank.

E. Audit

The Recipient shall cause the Palestinian Authority to:

1. have the Deposit Account (as defined in Section IV.D of this Schedule) audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank;
2. furnish to the Bank as soon as available, but in any case, not later than six (6) months after the withdrawal of the proceeds of the Grant, a certified copy of the report of such audit, of such scope and in such detail as the Bank shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Bank; and
3. furnish to the Bank such other information concerning the Deposit Account and its audit as the Bank shall reasonably request.

F. Excluded Expenditures

The Recipient shall cause the Palestinian Authority to undertake that the proceeds of the Grant shall not be used to finance Excluded Expenditures. If the Bank determines at any time that an amount of the Grant was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Bank, cause the Palestinian Authority to refund an amount equal to the amount of such payment to the Bank. Amounts refunded to the Bank upon such request shall be cancelled.

G. Closing Date

The Closing Date is December 31, 2024.

APPENDIX

Section I. Definitions

1. “Cabinet” means the members composing the Recipient’s government sworn in by the Recipient’s President, on April 14, 2019.
2. “Excluded Expenditure” means any expenditure:
 - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank has financed or agreed to finance, or which the Bank has financed or agreed to finance under another trust fund credit, or trust fund grant;
 - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Recipient:

| Group | Sub-group | Description of Item |
|--------------|------------------|---|
| 112 | | Alcoholic beverages |
| 121 | | Tobacco, un-manufactured, tobacco refuse |
| 122 | | Tobacco, manufactured (whether or not containing tobacco substitutes) |
| 525 | | Radioactive and associated materials |
| 667 | | Pearls, precious and semiprecious stones, unworked or worked |
| 718 | 718.7 | Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors |

| Group | Sub-group | Description of Item |
|--------------|------------------|---|
| 728 | 728.43 | Tobacco processing machinery |
| 897 | 897.3 | Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems) |
| 971 | | Gold, non-monetary (excluding gold ores and concentrates) |

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;
- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws in effect in the parts of the West Bank and Gaza under the jurisdiction of the Palestinian Authority or international agreements to which the Recipient or the Palestinian Authority is a party;
- (e) in the territories (other than the parts of the West Bank and Gaza under the jurisdiction of the Palestinian Authority) of any country which is not a member of the Bank or for goods procured in, or services supplied from, such territories;
- (f) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
- (g) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or the Palestinian Authority or of a beneficiary of a Grant without the Recipient having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.

3. “MOF” means the Ministry of Finance of the Palestinian Authority, or any successor thereto.
4. “Palestine Monetary Authority” or “PMA” mean the Recipient’s independent public institution responsible for the formulation and implementation of monetary and banking policies, established under Law No. 2 of 1997, or any successor thereto.
5. “Program” means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty, as set forth or referred to in the letter referred to in the Whereas Clause (D) of this Agreement declaring the Recipient’s commitment to the implementation and execution of the Program and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken or supported, including those set forth in the Schedule to this Agreement.
6. “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.
7. “Single Withdrawal Tranche” means the amount of the Financing referred to in Section 3.01 of this Agreement.
8. “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.
9. “Subsidiary Agreement” means the agreement referred to in Section III of the Schedule to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Palestinian Authority.
10. “VAT” means value added tax.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Sections 2.01 (*Project Execution Generally*) and 2.07 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
2. Paragraph (a) of Section 2.03 (renumbered as such pursuant to paragraph 1 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.

3. Paragraph (c) of Section 2.04 (renumbered as such pursuant to paragraph 1 above) is modified to read as follows:

“Section 2.04. (*Documents; Records*). The Recipient shall ensure that:

... (c) all records evidencing expenditures under the Financing are retained until two years after the Closing Date;”

4. Paragraph (b)(ii) of Section 2.06 (renumbered as such pursuant to paragraph 1 above) is modified to read as follows:

“Section 2.06. (*Program Monitoring, Reporting and Evaluation*). The Recipient shall:

... (b)(ii) ensure the preparation and delivery to the World Bank, not later than the date specified for that purpose in the Financing Agreement, one or more progress reports (“Progress Reports”) of such scope and in such detail as the World Bank shall reasonably request, on the execution of the Program, the performance by the Recipient and the World Bank of their respective obligations under the Financing Agreement and the accomplishment of the purposes of the Financing.”

5. Section 2.07. (*Visits*) (renumbered as such pursuant to paragraph 1 above) is modified to read as follows:

“Section 2.07. *Visits*. The Recipient shall, throughout the implementation of the Program 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 Financing; and

(b) enable the World Bank’s representatives: (i) to visit any facilities and sites included in the Program; and (ii) to examine any documents relevant to the performance of its obligations under the Financing Agreement.”

6. Section 3.03 (*Special Commitment by the Bank*), Section 3.05 (*Designated Accounts*) and 3.06 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article III are renumbered accordingly.

7. Sub-section (a) of Section 3.04 (*Financing Taxes*) (renumbered as such pursuant to paragraph 6 above) is modified to read as follows:

“Section 3.04. *Financing Taxes*.

(a) The Financing Agreement may specify that the proceeds of the Financing may not be withdrawn to pay for Taxes levied by, or in the parts of the 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 Financing specified in the Financing Agreement, as required to ensure consistency with such limitation on withdrawals.”

8. 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).

9. 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 Financing) has engaged in corrupt, fraudulent, coercive or collusive practices in connection with the use of the proceeds of the Financing, 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.”

10. 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.”

11. 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 Program

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 Financing 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 Financing; 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 Financing Agreement or to achieve the objectives of the Program; and (B) do not materially and adversely affect the financial condition or operation of the Recipient (or such other entity).”

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

“(g) *Condition of Recipient.* If the Financing 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 Program).

(ii) The Recipient (or any other entity responsible for implementing any part of the Program) has ceased to exist in the same legal form as that prevailing as of the date of the Financing 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 Program) has changed from that prevailing as of the date of the Financing 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 Financing Agreement, or to achieve the objectives of the Program.”

13. 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, as a result of: (i) 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; and/or (ii) a declaration by another financier that the Recipient is ineligible to receive proceeds of any financing made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier 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 such financier.”

14. 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 Financing, 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 Financing) 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 Financing) having taken timely and appropriate action satisfactory to the World Bank to address such practices when they occur.”

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

“(a) If the World Bank determines that an amount of the Financing has been used in a manner inconsistent with the provisions of the Financing 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 Financing), 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.”

16. 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 Financing 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.”

17. Paragraph (17) of the Appendix is deleted and, consequently, paragraphs (18) through (26) are re-numbered as paragraphs (17) through (25).

18. The following terms and definitions set forth in the Appendix to the Standard Conditions are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix to the Standard Conditions as follows, with the terms being renumbered accordingly:

- (a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“Eligible Expenditures” means any use to which the Financing is put in support of the Program other than to finance expenditures excluded pursuant to the Financing Agreement.

- (b) The term “Financial Statements” and its definition as set forth in the Appendix to the Standard Conditions are deleted in their entirety.

- (c) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“Program” means the program referred to in the Financing Agreement in support of which the Financing is made.” All references to “Project” throughout these Standard Conditions are deemed to be references to “Program”.

