

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER TF097371

Trust Fund Grant Agreement

(Palestinian NGO-IV Project)

between

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

and

NGO DEVELOPMENT CENTER

Dated August 2, 2010

GRANT NUMBER TF097371

TRUST FUND GRANT AGREEMENT

AGREEMENT, dated August 2, 2010 between the INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator of the Trust Fund for Gaza and West Bank (the "World 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"), and the NGO Development Center (the "Recipient").

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development and the International Development Association has resolved, on July 10, 2009, 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) the Palestine Liberation Organization, through the Palestinian Authority, having satisfied themselves as to the feasibility and priority of the project described in Schedule 1 to this Agreement (the "Project"), have requested the World Bank to assist in financing the project described in Schedule 1 to this Grant Agreement ("Project"); and

(E) the Palestinian Authority, through its letter to the World Bank, dated May 3, 2010 has agreed that the Grant amount set forth in Section 3.01 of this Agreement be provided directly to the Recipient under the terms and conditions set forth in this Agreement;

WHEREAS the World Bank has agreed, on the basis, *inter alia*, of the foregoing to extend the Grant to the Recipient upon the terms and conditions set forth in this Agreement.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

- 1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated July 1, 2008 (“Standard Conditions”), with the modifications set forth in the Appendix to this Agreement, constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project 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 two million United States Dollars (\$2,000,000) (“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 (i) of the Standard Conditions consists of the following:

Event prior to Effectiveness. 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 Project Operational Manual has been updated for the purposes of the Project, in a manner satisfactory to the World Bank.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01 (a), 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 that this Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and is legally binding upon it 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. *Termination for Failure to Become Effective.* 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 its Director.

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

NGO Development Center
P.O. Box 2173
Ramallah, West Bank

Telephone:

972 2 234 7771

Facsimile:

972 2 234 7776

- 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:

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.

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

By /s/ Mariam Sherman

Authorized Representative

NGO DEVELOPMENT CENTER

By /s/ Ghassan Kasabreh

Authorized Representative

SCHEDULE 1

Project Description

The purpose of the Project is to provide social services to those who are poor, vulnerable or marginalized through non-governmental organizations (NGOs) and to strengthen the institutional capacity of these organizations.

The Project consists of the following parts:

Part 1: Grants for Service Delivery

Provision of Sub-grants to experienced NGOs to support them in providing basic social services.

Part 2: NGO Sector Development

Provision of assistance to NGOs with implementation of the NGO Code of Conduct with an emphasis on accountability, transparency, and governance, and including coaching and training to institute organizational and behavioral changes.

Part 3: Project Management, Monitoring and evaluation

Strengthening the NDC's capacity for Project management, monitoring and evaluation, including auditing, Training and financing of Incremental Operating Costs.

SCHEDULE 2**Project Execution****Section I. Institutional and Other Arrangements****A. Implementation Arrangements**

1. The Recipient shall carry out the Project, including Sub-projects under Part 1 of the Project, in accordance with the Project Operational Manual, including the Procurement Manual, with the Financial and Administrative Manual of Procedures, and the Environmental Management Plan and shall not amend or waive said documents or any provisions thereof, except with the prior written approval of the World Bank.
2. The Recipient shall make arrangements satisfactory to the World Bank and necessary to carry out its internal audit function not later than by March 1, 2011.

B. Sub-projects

1. For purposes of Part 1 of the Project, the Recipient shall ensure: (a) that Sub-projects to be financed from the Grant are approved by the World Bank; (b) the selection and approval of Sub-projects in accordance with the eligibility criteria and selection procedures set forth in the Project Operational Manual; and (c) the conclusion of a Sub-grant Agreement with each Beneficiary on terms and conditions satisfactory to the World Bank and specified in the Project Operational Manual, which shall include the following:
 - (i) the financing of Sub-projects shall be on a grant basis; and
 - (ii) the Recipient shall obtain rights adequate to protect its interests and those of the World Bank, including the right to: (A) suspend or terminate the right of the Beneficiary to use the proceeds of the Sub-grant upon the Beneficiary's failure to perform any of its obligations under the related Sub-grant Agreement; and (B) require each Beneficiary to: (I) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the World Bank, including requirements of the Project Operational Manual and the provisions of the Anti-Corruption Guidelines applicable to recipients of Grant proceeds other than the Recipient; (II) provide, promptly as needed, the resources required for the purposes of the Sub-project; (III) procure the goods, works and services to be financed out of the Sub-grant in accordance with

the provisions of this Agreement; (IV) maintain policies and procedures adequate to monitor and evaluate the progress of the Sub-project and the achievement of its objectives in accordance with indicators acceptable to the World Bank; (V) enable the Recipient and the World Bank to inspect the Sub-project, its operation and any relevant records and documents; and (VI) prepare and furnish to the Recipient and the World Bank all such information as the Recipient or the World Bank shall reasonably request relating to the Sub-project.

2. The Recipient shall exercise its rights under each Sub-grant 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 any Sub-grant Agreement or any of its provisions.

C. Environmental and Social Safeguards

The Recipient shall ensure that: (i) the Project, including Sub-projects under Part 1 of the Project, is carried out in accordance with the Environmental Management Plan and in particular that no Sub-projects with a potential for significant environmental impact or other Sub-project which are excluded from financing according to the Project Operational Manual or EMP; and (ii) no action is taken which shall prevent or interfere with the carrying out of any activities required under the Environmental Management Plan.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall 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 six (6) months, 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; Audits

1. The Recipient shall ensure that a financial management system is maintained in 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 shall have its Financial Statements for the Project 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 fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six 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: 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 Borrowers” 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 prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“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 for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting; and (d) Community Participation procedures which have been found acceptable to the World Bank. The procedures to be followed for National Competitive Bidding shall be subject to the following additional provisions:

- (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 30 days may be reduced to a minimum period of 10 days in the case of emergency operations;
- (iv) until standard bidding documents acceptable to the World Bank have been introduced by the Project Implementing Entity, 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, including selection on a sole source basis subject to proper justification.

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 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:

Category	Amount of the Grant Allocated (expressed in US Dollars)	Percentage of Expenditures to be Financed
(1) Goods, consultants’ services, including audit and Training	275,000	100%
(2) Sub-grants under Part 1 of the Project	1,400,000	100%
(3) Incremental Operating Costs	325,000	100%
TOTAL AMOUNT	<u>2,000,000</u>	

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 June 30, 2013.

APPENDIX**Definitions; Modifications to the Standard Conditions****Section 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. “Beneficiary” means a recipient of a Sub-grant provided or proposed to be provided under Part 1 of the Project for the purposes of a Sub-project.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “Environmental Management Plan” means the Environmental Management Plan prepared under the Original Project and updated for the purposes of this Project on May 12, 2010, which sets out the environmental protection measures in respect of the Project, as well as administrative and monitoring arrangements for implementing these measures.
5. “Financial and Administrative Manual of Procedures” means the Financial and Administrative Manual of Procedures of the Recipient dated November 2006 (as amended through March 3, 2010) and describing: (i) administrative procedures, procurement provisions, accounting arrangements, and financial management arrangements; and (ii) sample formats for periodic reports as the same may be amended from time to time with the agreement of the World Bank.
6. “Incremental Operating Costs” means incremental operating costs incurred by the Recipient on account of the Project implementation, including: (i) operation and vehicle maintenance; (ii) rent, operation and maintenance of office and office equipment; (iii) transportation and travel, including per diem allowances for Project staff in travel status; (iv) rental of vehicles; (v) office supplies, utilities and office administration, including translation, printing and advertising; (vi) communication costs; (vii) reasonable bank charges; (viii) meeting costs; (ix) relocation expenses; (x) insurance premiums; (xi) staff salaries and benefits, including worker-compensation insurance; and (xii) other Project related miscellaneous costs as may be agreed with the World Bank.
7. “Original Project” means the project described in the Original Trust Fund Grant Agreement.

8. “Original Trust Fund Grant Agreement” means the Trust Fund Grant Agreement for the Palestinian NGO-III Project between the World Bank and the Welfare Association, dated February 2, 2007 (TF057872).
9. “Procurement Manual” means a part of the Project Operational Manual (as defined below) which sets requirements and procedures related to procurement of goods, works and consultants’ services for the Project, including Sub-projects under Part 1 of the Project, which shall be consistent with the provisions of Section III of Schedule 2 to this Agreement, as such manual may be amended from time to time with the agreement of the World Bank.
10. “Procurement Plan” means the Project Implementing Entity’s procurement plan for the Project, dated May 5, 2010, 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 Operational Manual” means the manual, including the Procurement Manual, developed for the purposes of the Original Project as updated prior to effectiveness of this Agreement pursuant to Section 5.01 of this Agreement and describing procedures for implementation of the Project, consistent with the provisions of this Agreement and with applicable laws and regulations as the same may be amended from time to time with the agreement of the World Bank.
12. “Sub-grant” means a grant made or proposed to be made out of the proceeds of the Grant to a Beneficiary for purposes of a Sub-project under Part 1 of the Project in accordance with the provisions of the Project Operational Manual.
13. “Sub-project” means a specific activity to be carried out by a Beneficiary in accordance with the provisions of the Project Operational Manual under Part 1 of the Project and to be financed by a Sub-grant.
14. “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under service providers’ contracts, including costs of training materials, space and equipment rental, travel, accommodation and per diem costs of trainees and trainers, trainers’ fees, and other training related miscellaneous costs.

Section II: Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 2.09 is amended to read as follows:

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

(a) enable representatives of the 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).