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GRANT NUMBER TF016835

# **Trust Fund Grant Agreement**

**(Gaza Solid Waste Management 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 *April 24*, 2014

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**GRANT NUMBER TF016835**

**TRUST FUND GRANT AGREEMENT**

AGREEMENT, dated **April 24**, 2014, entered into between the PALESTINE LIBERATION ORGANIZATION (the "Recipient") (for the benefit of the Palestinian Authority) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the "World Bank"), acting as administrator 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 28, 2013 to, *inter alia*, replenish the Trust Fund in the amount of fifty-five million dollars (\$55,000,000), such amount to be transferred from the surplus of the International Bank for Reconstruction and Development and to be used for financing rehabilitation projects in parts of the Gaza Strip ("Gaza") and the West Bank (the "West Bank"), which are under the jurisdiction of the Palestinian Authority;

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

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

(D) the Palestinian Authority, on behalf of the Recipient, has requested the World Bank to assist in financing the project 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 World Bank hereby agree as follows:

**Article I**  
**Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012 (“Standard Conditions”), with the modifications set forth in 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.

**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, through the Palestinian Authority, cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article II of the Standard Conditions and the agreement dated the same date as this Agreement between the World Bank and the Project Implementing Entity, as such agreement may be amended from time to time (“Project Agreement”).
- 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 ten million United States Dollar (\$10,000,000) (“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 Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

- (a) the Receipt has taken or permitted to be taken any action which would prevent or interfere with the performance by MDLF of its obligations under the Project Agreement;
- (b) MDLF has failed to perform any obligation under the Project Agreement;
- (c) IBRD or IDA has declared MDLF 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: (i) a determination by IBRD or IDA that MDLF 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 MDLF is ineligible to receive proceeds of financings 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 MDLF has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier;
- (d) as a result of events which have occurred after the date of this Agreement, an extraordinary situation has arisen which makes it improbable that MDLF will be able to perform its obligations under the Project Agreement; and
- (e) MDLF Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of MDLF to perform any of its obligations under the Project Agreement.
- (f) 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:

- (a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental actions;
- (b) the Subsidiary Agreement has been executed between the Recipient and the Palestinian Authority; and
- (c) the On-Granting Agreement has been executed on behalf of the Palestinian Authority and the MDLF.

5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

- (a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms;
- (b) on behalf of MDLF, that the Project 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;
- (c) the Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Palestinian Authority and is legally binding upon the Recipient and the Palestinian Authority in accordance with its terms;
- (d) the On-Granting Agreement referred to in Section I.A of Schedule 2 to this Agreement has been executed on behalf of the Palestinian Authority and MDLF; and
- (e) the land acquisition for the purposes of Part A.1 of the Project has been conducted in full compliance with all applicable laws and regulations and is final.

5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

- 5.04. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date ninety (90) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article VI**  
**Recipient's Representative; Addresses**

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

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

Telephone:

970-2-297 8846

Facsimile:

970-2-297 8845

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

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

Cable:

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



Authorized Representative

Name: Shukry Bishara

Title: Minister of Finance

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

By



Authorized Representative

Name: Steen Lau Jorgensen

Title: Country Director

## **SCHEDULE 1 Project Description**

The objective of the Project is to improve solid waste management services in the Gaza Strip through provision of more efficient, environmentally and socially sound waste management systems.

The Project consists of the following parts:

### Part A: Solid Waste Transfer and Disposal Facilities

1. Construction of a new sanitary landfill in Al-Fukhari (Sofa).
2. Pavement of access roads to the landfill and transfer stations.
3. Sanitary closure of disposal sites in Sofa and cleanup of random dumpsites in the Project service area.

### Part B: Institutional Strengthening

1. Provision of goods, consultants' services and Training, and financing of TOU Incremental Operating Costs to improve the technical and administrative capacity of the JSC-KRM and TOU with regard to operation and maintenance of Al-Fukhari landfill and transfer stations, management of the primary solid waste collection system as well as addressing environmental and social aspects associated with the Project activities.
2. Provision of consultant's services and Training to design and implement Project related public awareness campaign.

### Part C: Primary Collection and Resource Recovery

Conducting studies of viability of existing resource recovery schemes, including assessment of existing resource recovery of both public and private sector enterprises, current market supply and demand, as well as projected demand for each type of recyclable waste material, and development of a program of activities to promote viable resource recovery (recyclable materials and compost) in public and private sector partnership and with the cooperation of benefiting communities.

### Part D: Project Management

Project management and implementation support through financing of: (a) MDLF Management Fee; (b) expenses associated with the establishment of the PDSU; (c) Project related audit; (d) operating and maintenance costs of Al-Fukhari landfill and transfer stations; and (e) consultants' services for monitoring of compliance with the ESMP and for conducting two Beneficiaries Satisfaction Assessments.



**SCHEDULE 2**  
**Project Execution**

**Section I. Institutional and Other Arrangements**

**A. Subsidiary Agreement and On-Granting 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 satisfactory the World Bank (“Subsidiary Agreement”), which shall include the following:
  - (a) The Palestinian Authority shall on-grant the proceeds of the Grant to MDLF under an on-granting agreement (“On-Granting Agreement”) to be entered into between the Palestinian Authority and MDLF, under terms and conditions satisfactory to the World Bank; and
  - (b) 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.
2. The Recipient shall exercise its rights under the Subsidiary Agreement, and shall cause the Palestinian Authority to exercise its rights under the On-Granting Agreement, in such manner as to protect the interests of the Recipient, the Palestinian Authority and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions and the Recipient shall cause the Palestinian Authority not to assign, amend, abrogate or waive the On-Granting Agreement or any of its provisions.
3. The Recipient shall cause the Palestinian Authority to ensure under the On-Granting Agreement that the MDLF exercises its rights in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the objective of the Project.

**B. Project Implementation**

1. The Recipient, through the Palestinian Authority, shall cause MDLF to carry out the Project in accordance with the provisions of the Project Operational Manual and except as the World Bank shall otherwise agree, shall not permit MDLF to

amend or waive any provision of such Manual 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 MDLF to maintain the PDSU in a form and with functions, staffing and resources satisfactory to the World Bank. The MDLF, through PDSU, shall be responsible for day to day activities related to the Project implementation, including: (i) financial management; (ii) disbursement; (iii) procurement; (iv) monitoring and evaluation; (v) social and environmental safeguards; and (vi) reporting.
3. The Recipient, through the Palestinian Authority, shall cause MDLF to maintain arrangements with JSC-KRM under terms and conditions satisfactory to the World Bank. These terms and conditions shall include (but not limited to) the following:
  - (a) MDLF, acting through its Project Development and Safeguards Unit, shall make available to the JSC-KRM consultants' services and goods benefitting the JSC-KRM and financed out of the proceeds of the IDA Grant;
  - (b) Following completion of the construction of Al-Fukhari Landfill and solid waste transfer stations in Deir El-Balah and Tel Al Sultan in Rafah: (i) each of these facilities shall be transferred to the JSC-KRM on terms and conditions to be agreed upon between the Parties and acceptable to the World Bank; and (ii) the JSC-KRM shall be responsible for operation and management of the transferred facilities;
  - (c) The goods and facilities transferred to the JSC-KRM shall be used exclusively for the purposes of the Project and shall be serviced, maintained and operated with due diligence and efficiency and in accordance with appropriate administrative, technical, financial, economic, safety, security, environmental and social standards and practices and all necessary repairs and renewals of such facilities shall be made promptly as needed;
  - (d) The JSC-KRM shall take all action necessary to acquire as and when needed all land and rights in respect of land as shall be required for carrying out the Project and shall promptly furnish to the World Bank, upon its request, satisfactory evidence that such land and rights in respect of land are available for purposes related to the Project;
  - (e) The JSC-KRM shall maintain records adequate to identify the goods, works and services financed out of the proceeds of the Grant and transferred to the JSC-KRM and to disclose their use; and

- (f) The JSC-KRM shall enable the MDLF and the World Bank's representatives to: (i) visit any facilities and construction sites of the Project; and (ii) to examine the goods financed out of the proceeds of the Grant, and any installations, sites, works, buildings, property and equipment, relevant to the Project.

**C. Anti-Corruption**

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

**D. Safeguards**

The Recipient, through the Palestinian Authority, shall cause MDLF: (i) to carry out the Project in accordance with the Environmental and Social Impact Assessment, the Environmental and Social Management Plan and Abbreviated Resettlement Action Plans; (ii) not to amend, suspend, abrogate, repeal or waive any provision of the Environmental and Social Impact Assessment, the Environmental and Social Management Plan and Abbreviated Resettlement Action Plans without prior approval of the World Bank; and (iii) to monitor the implementation of the ESMP and ARAPs and to report to the World Bank as part of Project Reports on its compliance with the ESMP during the Project implementation.

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

**A. Project Reports; Completion Report**

1. The Recipient, through the Palestinian Authority shall cause MDLF 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 acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.
2. The Recipient, through the Palestinian Authority shall cause MDLF to 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, through the Palestinian Authority, shall cause MDLF to maintain a financial management system 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 semester, covering the semester, in form and substance satisfactory to the World Bank.
3. The Recipient, through the Palestinian Authority shall cause the MDLF 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 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, non-consulting-services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
  - (a) Section I of the Procurement Guidelines in the case of goods, works and non-consulting services, and Sections I and IV of the 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 1.18 of the Procurement Guidelines and paragraph 1.25 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

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

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding; (b) Shopping; (c) Direct Contracting.

The procedures to be followed for National Competitive Bidding under this paragraph shall include 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 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 Palestinian Authority, 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; and
- (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 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) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

**D. 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 100% of Eligible Expenditures.
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 USD)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, consultants' services, Training and TOU Incremental Operating Costs under the Project	8,700,000	100%
(2) MDLF Management Fee	700,000	100%
(3) Operating and maintenance costs of Al-Fukhari landfill and two transfer stations	600,000	100%
<b>TOTAL AMOUNT</b>	10,000,000	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$400,000 equivalent may be made for payments made prior to this date but on or after April 1, 2013, for Eligible Expenditures under Category (1).
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is November 30, 2019.



## 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 and revised in January 2011.
2. “Abbreviated Resettlement Action Plans” or “ARAPs” means, collectively, the Abbreviated Resettlement Action Plans prepared by the Recipient for the purposes of the Project and referred to in Part D of Section I of Schedule 2 to this Agreement which set forth the compensation and rehabilitation measures to be carried out to address the impacts of displacement and loss of livelihood resulting from the implementation of the Project on, respectively, Project affected waste pickers and Project affected land owners, originally disclosed in the World Bank Infoshop in February and March 2012, respectively, and then updated and re-disclosed in January 2013 and in August 2013.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011.
4. “Environmental and Social Impact Assessment” or “ESIA” means the assessment prepared by Recipient for the purposes of the Project and identifying and assessing the potential environmental and social impacts of the Project, evaluating alternatives, and designing appropriate mitigation, management, and monitoring measures, referred to in Part D of Section I of Schedule 2 to this Agreement, disclosed in the World Bank Infoshop in January 2012 and re-disclosed in September 2012.
5. “Environmental and Social Management Plan” or “ESMP” means the Environmental and Social Management Plan prepared by Recipient for the purposes of the Project and referred to in Part D of Section I of Schedule 2 to this Agreement, setting forth a set of mitigation, monitoring, and institutional measures to be taken during Project implementation and operation to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, and including the actions needed to implement these measures, as such Environmental and Social Management Plan may be updated, revised or amended from time to time upon agreement with the World Bank, disclosed in the World Bank Infoshop in January 2012 and re-disclosed in September 2012.
6. “JSC-KRM” means the Joint Services Council for Khan Younis, Rafah and Middle Area Governorates, established pursuant to the Local Authorities Law No.1 of 1997 and the Bylaw of the Joint Services Council of Solid Waste Management, and the Bylaw of the Joint Services Council No.1 of 1998.

7. "MDLF Legislation" means the Recipient's Decree of the Council of Ministers No. 05/34/mim.waw.alf.qaf of 2005, as amended.
8. "On-Granting Agreement" means the agreement referred to in paragraph 1(a) of Section I.A of Schedule 2 to this Agreement pursuant to which the Palestinian Authority shall make the proceeds of the Grant available to MDLF.
9. "Project Development and Safeguards Unit" or "PDSU" means the Project development and safeguards unit within MDLF referred to in paragraph 2 of Section I.B of Schedule 2 to this Agreement.
10. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
11. "Project Operational Manual" or "POM" means a document adopted by MDLF and setting forth the procedures and requirements for the implementation of the Project, consistent with the provisions of this Agreement and with applicable laws and regulations of the Recipient, including, among other things, administrative, procurement, accounting, financial management, disbursement, reporting, environmental and other safeguards arrangements, as the same may be amended from time to time upon agreement with the World Bank.
12. "Project Implementing Entity" or "MDLF" means the Municipal Development and Lending Fund, established pursuant to the Recipient's Decree of the Council of Ministers No. 05/34/mim.waw.alf.qaf of 2005, or any successor thereto.
13. "Subsidiary Agreement" means the agreement referred to in Section I.A of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Grant available to the Palestinian Authority.
14. "TOU" means the technical operations unit within the JSC-KRM.
15. "TOU Incremental Operating Costs" means Project related incremental costs incurred by the TOU on account of communication costs, office supplies and consumables, translation and interpretation, printing and advertising, vehicle rental, insurance and maintenance, vehicle fuel, Project related local travel, including *per-diem*, and other miscellaneous costs directly associated with the Project implementation, all based on periodic budgets acceptable to the World Bank.
16. "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,

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travel, accommodation and *per diem* costs of trainees and trainers, trainers' fees, and other training related miscellaneous costs.

## 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).