Development Policy Trust Fund Grant Agreement

(Strengthening Fiscal Stability and Financial Integrity 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 Trust Fund for Gaza and West Bank)
GRANT NUMBER TF0B2435

DEVELOPMENT POLICY TRUST FUND GRANT AGREEMENT

AGREEMENT dated as of the Signature Date between the PALESTINE LIBERATION ORGANIZATION ("Recipient"), for the benefit of the Palestinian Authority, and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("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 ("Trust Fund"), for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement).

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") has resolved on July 22, 2019 to, inter alia, replenish the Trust Fund in the amount of eighty-one million Dollars ($81,000,000), 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 ("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 ("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) In December 2016, the Palestinian Authority formally adopted the National Policy Agenda for 2017-2022 ("NPA"). The Bank has received from the Palestinian Authority a Letter of Development Policy dated February 25, 2020, setting out the Palestinian Authority’s commitments in implementing the NPA ("LDP");

(E) the Palestinian Authority, on behalf of the Recipient, has requested the Bank to assist in financing the Program under this tenth 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 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 appropriate 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 under the Program, including any of the actions which the Recipient has already taken 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 thirty million United States Dollars ($30,000,000) ("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. As part of the evidence to be furnished pursuant to Section 5.01 (b), there shall be furnished to the Bank an opinion or opinions satisfactory to the Bank of counsel
acceptable to the Bank or, if the Bank so requests, a certificate satisfactory to the Bank of a competent official of the Recipient, showing the following matters:

(a) on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms; and

(b) the Subsidiary Agreement referred to in Section III of the Schedule to this 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.

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 the 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: 970-2-297 8846  Facsimile: 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 1-202-477-6391
64145 (MCI)
AGREED as of the Signature Date.

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

By

Authorized Representative

Name: Shukry Bishara
Title: Minister of Finance

Date:

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

By

Authorized Representative

Name: Kanthan Shankar
Title: Country Director

Date: 09-May-2020
SCHEDULE
Program Description

Program Actions; Program Monitoring; Availability of Grant Proceeds

Section I. Actions under the Program

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

A. Strengthen commitment control in line ministries and improvement of overall public procurement practice

1. The Ministry of Finance has taken the necessary actions to implement a commitment control system in all line ministries to secure budget allocations prior to the signing of a contract with service providers, excluding outside medical referrals, as evidenced by: (a) issuance of official instruction No. 2019/1602 of September 8, 2019; (b) issuance of instructions of January 20, 2020 by MoF's accountant general to the heads of financial and administrative units at line ministries informing said ministries that MoF has been developing the IFMIS to introduce a commitment control system and ensure that financial operations are recorded according to GFS.

2. The Cabinet has instructed public entities to publish their procurement plans, procurement opportunities and contract award notices on the single portal procurement website which can be accessed on www.shiraa.gov.ps, as evidenced by the issuance of the Cabinet Secretariat's instruction 1553/2019 of June 20, 2019.

3. The Cabinet has instructed all public entities at the central and local levels to use Standard Bidding Docs for the procurement of works, goods and consultants' services, as evidenced by the issuance of the Cabinet decision No. 35/07 of December 16, 2019.

B. Improve Sector Governance in Water and Health Service Provision

4. The MoH has instructed the General Director of its Education in Health department to ensure that all human resource planning and policies related to post-graduate medical training in the sector, including the establishment of medical residencies, are based solely on periodic data generated by the human resources observatory, as evidenced by Directive No. 32/110/201/20 of February 4, 2020.

5. The Recipient's President has taken the necessary steps to strengthen the role of the WSRC in performance monitoring of service providers, as evidenced by the issuance of Presidential Decree No. 2135 of September 10, 2019.
6. The Cabinet has instructed PWA to reduce the stock of debt owed by service providers that have installed prepaid meters for households under their constituency in the same amount paid to install the prepaid meters, as evidenced by: (a) Cabinet Decree No. 17/215/17 of August 7, 2018; and (b) fifteen (15) Memoranda of Understanding signed between PWA and 15 service providers.

C. Strengthen the stability and integrity of the financial sector

7. The PMA has instructed banks operating in West Bank and Gaza to adopt strengthened AML/CFT internal controls, in accordance with the AML/CFT strategy adopted by the Palestinian Cabinet on November 2018, as evidenced by: (a) Cabinet decision No. 16/229/17 dated November 22, 2018, adopting the national strategy for AML/CFT strategy; (b) PMA Circular No. 74/2019 to all banks operating in the Recipient’s territories dated March 26, 2019; and (c) Cabinet decision dated November 22, 2018, establishing a national committee to supervise the implementation of the national AML/CFT strategy.

8. The PMA has taken the necessary steps to raise the minimum regulatory capital requirements for all banks licensed by the PMA to carry on banking business in West Bank and Gaza under the strengthened definition of capital, as evidenced by PMA’s instructions No. 8 and 9 of December 11, 2018, concerning the application of capital adequacy requirements for Banks licensed by the PMA.

9. The PMA and the PCMA have jointly reestablished the central sharia supervisory board to cover a wide segment of the financial sector, including both bank and non-bank Islamic financial institutions, as evidenced by: (a) PMA’s Board Decision No. 67/21 of June 30, 2019, approving the establishment of the central sharia supervisory authority; (b) PCMA’s Board decision No. 29/2019 of May 12, 2019, approving the establishment of the central sharia supervisory board; and (c) a Memorandum of Understanding signed between PMA and PCMA dated August 27, 2018, regulating the relationship between the two institutions.

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 in accordance with the LDP. 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 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 or waive 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 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 Ministry of Finance and Planning of the Palestinian Authority ("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 October 31, 2021.
APPENDIX

Section I. Definitions


2. “Cabinet” means the members composing the Recipient’s government sworn in by the Recipient’s President, on April 14, 2019.

3. “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:

<table>
<thead>
<tr>
<th>Group</th>
<th>Sub-group</th>
<th>Description of Item</th>
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</thead>
<tbody>
<tr>
<td>112</td>
<td>121</td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td>122</td>
<td>Tobacco, un-manufactured, tobacco refuse</td>
</tr>
<tr>
<td>122</td>
<td></td>
<td>Tobacco, manufactured (whether or not containing tobacco substitutes)</td>
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<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
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<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semi-precious stones, unworked or worked</td>
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<tr>
<td>718</td>
<td>718.7</td>
<td>Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors</td>
</tr>
<tr>
<td>728</td>
<td>728.43</td>
<td>Tobacco processing machinery</td>
</tr>
<tr>
<td>897</td>
<td>897.3</td>
<td>Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths’ or silversmiths’ wares (including set gems)</td>
</tr>
<tr>
<td>971</td>
<td></td>
<td>Gold, non-monetary (excluding gold ores and concentrates)</td>
</tr>
</tbody>
</table>
(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.


5. "IFMIS" means integrated financial management system.

6. "LDP" means the letter from the Recipient dated February 20, 2020, 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.

7. "Ministry of Finance" or "MoF" mean the Ministry of Finance of the Palestinian Authority, or any successor thereto.

8. "Ministry of Health" or "MoH" mean the Ministry of Health of the Palestinian Authority, or any successor thereto.

9. "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.

10. "Palestine Monetary Authority Board" or "PMA Board" mean PMA's highest decision-making body, as appointed by the Recipient's President.
11. "Palestinian Water Authority" or "PWA" means the Recipient’s Water Authority, or any successor thereto.

12. "PCMA" means the Recipient’s Capital Management Authority, or any successor thereto.


14. "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 NPA and outlined in the LDP.

15. "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.

16. "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.

17. "WSRC" means the Recipient’s Water Services Regional Council, or any successor thereto.

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 Grant are retained until two years after the Closing Date;"

4. Paragraph (b)(ii) of Section 2.05 (renumbered as such pursuant to paragraph 1 above) is modified to read as follows:
"Section 2.05. (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 Grant Agreement, one or more completion reports ("Completion 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 Grant Agreement and the accomplishment of the purposes of the Grant."

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 and the IMF 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 and the IMF'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 Grant Agreement."

6. The last sentence of paragraph (c) of Section 3.04 (Applications: Supporting Evidence) is deleted in its entirety.

7. Sections 3.05 (Designated Accounts) and 3.06 (Eligible Expenditures) are deleted in their entirety, and the remaining Sections in Article III are renumbered accordingly.

8. Sub-section (a) of Section 3.05 (Financing Taxes) (renumbered as such pursuant to paragraph 7 above) is modified to read as follows:

"Section 3.05. 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 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 Grant specified in the Grant Agreement, as required to ensure consistency with such limitation on withdrawals."

9. 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).

10. 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."

11. 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."

12. 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 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 Program; and (B) do not materially and adversely affect the financial condition or operation of the Recipient (or such other entity)."
13. 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 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 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 Program) 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 Program.”

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

“(h) Ineligibility. IBRD orIDA 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.”

15. 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.”

16. 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.”

17. 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.”

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

19. 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 Grant is put in support of the Program other than to finance expenditures excluded pursuant to the Grant 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 Grant Agreement in support of which the Grant is made." All references to "Project" throughout these Standard Conditions are deemed to be references to "Program"."