Trust Fund Grant Agreement

(Finance for Jobs 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 March 10th, 2016
GRANT NUMBER TFOA1490

TRUST FUND GRANT AGREEMENT

AGREEMENT dated March 10, 2016, entered into between PALESTINE LIBERATION ORGANIZATION ("Recipient") (for the benefit of the Palestinian Authority) and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator ("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").

WHEREAS (A) the Board of Governors of the International Bank for Reconstruction and Development and the International Development Association has resolved, on June 9, 2015, to, inter alia, replenish the Trust Fund in the amount of fifty five million United States 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 ("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 described thereunder, sign agreements with states and international organizations for the benefit of the Palestinian Authority; and

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, for the purpose of financing the project as described in Schedule 1 to the Agreement ("Project") 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 February 15, 2012 ("Standard Conditions"), with the modifications set forth in Section II 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 this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall, through the Palestinian Authority,
cause the Project to be carried out jointly by the Ministry of Finance and Planning and the Project Implementation Agency ("PIA") in accordance with the provisions of Article II of the Standard Conditions and the agreement to be entered into between the Palestinian Authority and the PIA ("Implementation 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 five million United States Dollars ($5,000,000) ("Grant") to assist in financing the Project.

3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

Article IV
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 Recipient has taken or permitted to be taken any action which would prevent or interfere with the performance by the PIA of its obligations under the Implementation Agreement;

(b) the PIA has failed to perform any obligation under the Implementation Agreement;

(c) IBRD or IDA has declared the PIA 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 the PIA 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 PIA 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 the PIA 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 the PIA will be able to perform its obligations under the Implementation Agreement;

(e) the Legal Instrument(s), pursuant to which the PIA has been established and is operating, has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the PIA to perform any of its obligations under the Implementation Agreement; and
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 on behalf of the Recipient and the Palestinian Authority; and

(c) an Implementation Agreement, acceptable to the World Bank, has been executed on behalf of the Palestinian Authority and the PIA.

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) 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; and

(c) the Implementation Agreement has been duly authorized or ratified by, executed and delivered on behalf of the Palestinian Authority and the PIA and is legally binding upon the Palestinian Authority and the PIA 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. 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 and Planning of the Palestinian Authority.

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

Ministry of Finance and Planning
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

Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at Ramallah, West Bank, as of the day and year first above written.

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

By

[Signature]

Authorized Representative

Name: Shukry Bishara
Title: Minister of Finance and Planning

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

By

[Signature]

Authorized Representative

Name: Steen Iau Jorgensen
Title: Country Director
SCHEDULE I
Project Description

The objective of the Project is to test the effectiveness of selected financial inventions.

The Project consists of the following parts:

Part A: Entrepreneurship Ecosystem Matching Grant

Provision of Matching Grants to Beneficiaries to build their business development capacity and their business advisory capacity.

Part B: Capacity Building

1. Building a pipeline of job focused private sector investments through conducting feasibility assessments on said private investments; and developing and utilizing a cost-benefit analysis methodology in conducting said assessments.

2. Supporting a program of activities to support the market preparation and related capacity building activities to assist the Recipient to issue a development impact bond instrument.

3. Supporting a program of activities to develop capacity of the Ministry of Finance and Planning to enable it to: (a) effectively engage with the private sector to collaborate on innovative solutions to job creation; (b) better understand market failures and risks of the private sector; and (c) assess, develop, and manage innovative financing instruments.

Part C: Project Management

Strengthening the capacity of the PIA for Project management, coordination, monitoring and evaluation, including, inter alia, fiduciary control and oversight, environmental and social safeguards assessments, and preparation of Project reports.
Section 1. Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Grant available to the Palestinian Authority under a subsidiary agreement ("Subsidiary Agreement") between the Recipient and the Palestinian Authority, under terms and conditions approved by the World Bank.

2. The Recipient shall cause the Palestinian Authority: (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 Project; and (c) not to take or permit to be taken any action which would prevent or interfere with the carrying out of the Project.

3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Implementation Agreement

1. For the purpose of implementing the Project, the Recipient shall cause the Palestinian Authority to enter into an Implementation Agreement with the PIA under terms and conditions approved by the World Bank, including, \textit{inter alia}:

   (a) The Palestinian Authority’s obligation to on-grant the proceeds of the Grant to the PIA.

   (b) The PIA’s obligation to carry out its respective activities under the Project with due diligence and efficiency, in conformity with appropriate administrative, financial, technical, environmental and social practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers, and in accordance with the provisions of this Agreement and the Project Operations Manual.

   (c) The PIA’s obligation to procure goods and services required for carrying out the Project and to be financed out of the proceeds of the Grant, in accordance with the provisions of Section III of Schedule 2 to this Agreement, as said provisions may be further elaborated in the Procurement Plan and the Project Operations Manual.

   (d) The PIA’s obligation to implement the Project in accordance with the provisions of the ESMF.

   (e) The PIA’s obligation to implement the terms of the Anti-Corruption Guidelines.

   (f) The PIA’s obligation to: (i) maintain a separate financial management system for implementing the Project; (ii) prepare financial statements in accordance with
consistently applied accounting standards acceptable to the World Bank, adequate to reflect its operations and financial condition; and (iii) register separately the operations, resources and expenditures related to the Project.

(g) The PIA's obligation to promptly inform the Palestinian Authority and the World Bank of any condition which interferes or threatens to interfere with the progress of the Project and the performance of its obligations under the Implementation Agreement.

(h) The PIA's obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Implementation Agreement.

2. The Recipient shall cause the Palestinian Authority to ensure that the Implementation Agreement includes a provision stipulating that in the case of conflict between the Implementation Agreement, on the one hand, and this Agreement, on the other, the provisions of this Agreement shall apply.

3. The Recipient shall cause the Palestinian Authority to exercise its rights under the Implementation Agreement in such manner as to protect the interests of 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 cause the Palestinian Authority not to assign, amend, abrogate or waive the Implementation Agreement or any of its provisions.

C. Institutional Arrangements

1. The Recipient shall, through the Palestinian Authority, cause the Ministry of Finance and Planning to maintain overall responsibility for the Project.

2. The Recipient shall, through the Palestinian Authority, cause the Ministry of Finance and Planning to select, and thereafter enter into an Implementation Agreement with, a PIA, with capacity, functions, staffing and resources satisfactory to the World Bank, including, inter alia, specialists in procurement, financial management, safeguards, and monitoring and evaluation. The PIA shall be responsible, inter alia, for day-to-day administration of overall planning, coordination, technical, fiduciary (i.e. procurement and financial management), monitoring, evaluation, reporting and communication of the activities under the Project, all in accordance with the provisions of this Agreement, the Implementation Agreement and the Project Operations Manual.

3. The Recipient shall, through the Palestinian Authority, cause the Ministry of Finance and Planning to establish, not later than June 30, 2016, and thereafter maintain throughout the Project implementation, an advisory board (“Public-Private Advisory Board”) with a composition, mandate, and resources satisfactory to the World Bank. The Public-Private Advisory Board shall be responsible for reviewing and evaluating proposals to address issues on jobs creation and private investment.

D. Project Operations Manual

1. The Recipient shall, through the Palestinian Authority, cause the PIA to carry out its respective activities under the Project in accordance with the project operations manual (“Project Operations Manual”), setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, inter alia:
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(a) detailed description of Project and institutional arrangements for implementing the Project;
(b) eligibility criteria and procedures to be applied for selection of Beneficiaries;
(c) detailed procedures for disbursing Matching Grants, including, *inter alia*, disbursement milestones, mechanisms for verifying the achievement of disbursement milestones, disbursement approval process, and related monitoring, reporting and auditing requirements;
(d) the Matching Grant operating procedures governing the activities to be financed by Matching Grants, including, *inter alia*, specific criteria for activities to be eligible for financing under the Matching Grants, guidelines for approval, implementation, monitoring and evaluation of said activities; the terms and conditions for the Matching Grant Agreements;
(e) the Environmental and Social Management Framework;
(f) monitoring, evaluation, reporting, and governance procedures for the Project; and
(g) overall disbursement, financial management, auditing and procurement procedures for the Project.

2. In the event that any provision of the Project Operations Manual shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail. The Recipient shall cause the Palestinian Authority to ensure that the Project Operations Manual is not amended without the prior written agreement of the World Bank.

E. Annual Work Plan and Budget

1. The Recipient shall cause the Palestinian Authority to prepare and furnish to the World Bank, not later than January 31 of each year, starting June 30, 2016, an Annual Work Plan and Budget containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing.

2. The Recipient shall cause the Palestinian Authority to afford the World Bank a reasonable opportunity to exchange views with the Palestinian Authority on such proposed Annual Work Plan and Budget and thereafter ensure that the Project is implemented in accordance with such Annual Work Plan and Budget as shall have been approved by the Association.

F. Anti-Corruption

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

G. Safeguards

1. The Recipient shall ensure that the Project is carried out in accordance with the ESMF in a manner satisfactory to the World Bank.
2. The Recipient shall not amend, abrogate or waive, or permit to be amended, abrogated or waived, the ESMF, unless the World Bank has provided its prior approval thereof in writing.

H. Matching Grants

1. Procedures and Eligibility Criteria

The Recipient shall cause the PIA to ensure that: (a) a Matching Grant will only be provided to a Beneficiary who meets the eligibility criteria set out in the Project Operations Manual; and (b) no proposed activities shall be eligible for financing under a Matching Grant, unless the PIA shall have determined that the proposed activities satisfy the criteria set forth in the Project Operations Manual.

2. Terms and Conditions of Matching Grants; Matching Grant Agreements

(a) The Recipient shall cause the PIA to ensure that prior to providing a Matching Grant to a Beneficiary, the PIA enter into a Matching Grant Agreement with a Beneficiary under terms and conditions approved by the World Bank, which shall include the following:

(i) the Matching Grant shall be made on a non-reimbursable grant basis;

(ii) the Beneficiary shall undertake: (A) to carry out its respective activities with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and practices, including in accordance with the provisions of the Anti-Corruption Guidelines; (B) provide, promptly as needed the resources required for these purposes; and (C) maintain adequate records;

(iii) the Beneficiary shall ensure that the goods and/or services to be financed out of the proceeds of the Matching Grant shall be procured in accordance with the provisions of Section III of this Schedule 2 and used exclusively in carrying out the activities to be financed by the Matching Grant;

(iv) the Beneficiary shall maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the World Bank, the progress of its activities and the achievement of its objectives;

(v) the Beneficiary shall: (A) maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to its activities; and (B) for each Fiscal Year, have such financial statements audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank, and furnish the statements as so audited to the World Bank, if requested, not later than six months after the end of such Fiscal Year;

(vi) the Recipient shall have the right to inspect by itself, or jointly with the World Bank, if the World Bank shall so request, the goods, sites, and plants included in the activities, the operations thereof, and any relevant records and documents;
(vii) the Beneficiary shall prepare and furnish to the Recipient and the World Bank, all such information as the World Bank shall reasonably request, relating to the implementation of the activities, and the performance of its obligations under the Matching Grant Agreement;

(viii) the Recipient may suspend or terminate the right of the Beneficiary to use or administer the proceeds of the Matching Grant upon failure by the Beneficiary to perform its obligations under the Matching Grant Agreement; and

(ix) the Beneficiary shall promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of its activities, or the performance by it of its obligations under the Matching Grant Agreement.

(b) The Recipient shall, through the Palestinian Authority, cause the PIA to carry out its obligations and exercise its rights under each Matching Grant Agreement, in such a manner as to protect the interests of the PIA and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree in writing, the Recipient shall, through the Palestinian Authority, cause the PIA not to assign, amend, abrogate or waive any Matching Grant Agreement or any provision thereof.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through the Palestinian Authority, shall cause the PIA 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 indicators acceptable to the World Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

2. Not later than one (1) month prior to the mid-term review referred to in paragraph 3 of this Section A, the Recipient, through the Palestinian Authority, shall cause the PIA to furnish to the World Bank for comments, a report, in such detail as the World Bank shall reasonably request, on the progress of the Project, and giving details of the various matters to be discussed at such review.

3. Not later than twenty-four (24) months after the Effective Date, or by such other date as may be agreed by the World Bank, the Recipient shall undertake in conjunction with the World Bank and the implementing agencies, a comprehensive mid-term review of the Project, during which it shall exchange views with the World Bank and implementing agencies generally on all matters relating to the progress made during implementation of the Project, the performance by the Recipient of its obligations under this Agreement and the performance by the implementing agencies, having regard to the performance indicators referred to in paragraph 1 of this Section A.

4. Following said mid-term review, at any rate no later than thirty (30) days after its completion, the Recipient shall promptly take any corrective action necessary to remedy any shortcoming noted in the implementation of the Project, and implement such other measures as may have been agreed with the World Bank to further the objective of the Project.
5. The Recipient, through the Palestinian Authority, shall cause the Ministry of Finance and Planning 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 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) after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall ensure that the Financial Statements for the Project are audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods, 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:


   (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 and Non-consulting Services

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

2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; (b) Direct Contracting; (c) well-established private sector procurement methods or commercial practices which have been found acceptable to the World Bank; and (d) National Competitive Bidding, 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 at least two (2) consecutive days in a local newspaper of wide circulation, and prospective bidders shall be allowed a minimum of thirty (30) days between the date on which the notification appears for the first time and the deadline for bid submission. With the specific approval of the World Bank, this minimum period of thirty (30) days may be reduced to a minimum period of ten (10) days in the case of emergency operations;

   (iv) 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;

   (v) 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;

   (vi) bids shall be submitted in sealed envelopes and shall be accepted whether mailed or hand-carried;

   (vii) 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;
(viii) bids received after the deadline for bid submission shall be returned to the bidders unopened;

(ix) 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;

(x) 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;

(xi) 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;

(xii) there shall be no post-bidding negotiations with the lowest or any other bidder; and

(xiii) until standard bidding documents acceptable to the World Bank have been introduced by the Recipient, the standard bidding documents of the World Bank shall be used.

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) well-established private sector procurement methods or commercial practices which have been found acceptable to the World Bank; (g) Selection of Individual Consultants; and (h) 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 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Matching Grants under Part A of the Project</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, non-consulting services, consultants’ services, Training and Incremental Operating Costs under Part B and C the Project</td>
<td>3,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>$5,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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 January 31, 2021.
APPENDIX
Section I. Definitions

1. “Annual Work Plan and Budget” means the work plan and budget approved by the World Bank and adopted by the Palestinian Authority in accordance with the provisions of Section I.E. of Schedule 2 to this Agreement, as said work plan and budget may be modified from time to time with the written agreement of the World Bank.


3. “Beneficiary” means an enterprise, or an investment fund entity, which meets the selection criteria set out in the Project Operations Manual and is eligible to receive a Matching Grant; and “Beneficiaries” means, collectively, all such Beneficiaries.

4. “Environmental and Social Management Framework” or “ESMF” means the framework dated November 4, 2015, prepared by the Recipient and approved by the World Bank, which sets forth an environmental and social screening process to identify and assess potential adverse environmental and social impacts, and offset and reduce them to acceptable levels, or enhance positive impacts, and further sets forth a pest management plan to promote and support safe, effective, and environmentally sound pest management, as the said framework may be further amended from time to time with the prior written agreement of the World Bank.

5. “Incremental Operating Costs” means incremental costs incurred under the Project on account of: (i) operation and maintenance of office equipment; (ii) transportation and travel costs associated with Project implementation including per diem allowances for Project staff in travel status; (iii) rental of office space; (iv) office supplies, utilities and office administration, including translation, printing and advertising costs; (v) communication costs; (vi) reasonable bank charges; (vii) costs of carrying out meetings; (viii) costs of printing materials for the carrying out of the communication and awareness campaign; and (ix) costs of printing of data collection instruments, but excluding salaries of officials of the Recipient’s civil service.

6. “Implementation Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement, to be entered into between the Palestinian Authority and the Project Implementation Agency, as the same may be amended from time to time; and such term includes any schedules or annexes thereto.

7. “Legal Instrument(s)” means the legal instrument(s) through which the PIA has been established and is operating.

8. “Matching Grant” means a matching grant made or proposed to be made to a Beneficiary by the Project Implementation Agency out of the proceeds of the Grant to assist in financing eligible activities under Part A of the Project.

9. “Matching Grant Agreement” means an agreement to be entered into between the Project Implementation Agency and a Beneficiary providing for a Matching Grant.
10. “Ministry of Finance and Planning” means the Ministry of Finance and Planning of the Palestinian Authority, or any successor thereto.

11. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated November 11, 2015, approved by the World Bank and referred to in paragraph 1.18 of the Procurement Guidelines and in paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

12. “Project Implementation Agency” or “PIA” means the entity referred to in Section I, paragraph C.2 of Schedule 2 to this Agreement, which shall be responsible for implementing the Project in accordance with this Agreement and the Implementation Agreement.

13. “Project Operations Manual” means the manual for the Project, dated November 11, 2015, adopted by the Recipient in accordance with the provisions of Section I.D of Schedule 2 to this Agreement.

14. “Public-Private Advisory Board” means the advisory board referred to in Section I, paragraph C.3 of Schedule 2 to this Agreement.

15. “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.

16. “Training” means training activities (other than consultants’ services) to be carried out under the Project, as approved by the World Bank, including the reasonable and necessary local and international travel incurred by participants in training seminars, workshops and study tours, as well as reasonable lodging, subsistence, local and international per diem allowances, registration, tuition and facilitators’ fees, minor organizational expenses (including costs of stationery, handouts and training materials), translation and interpretation costs, facility rental costs, and other expenditures directly relating to the training workshop and the study tour activity, as may be agreed with the World Bank.

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 objective 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 objective 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: (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.”

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).