Trust Fund Project Agreement

(Gaza Solid Waste Management Project)

between

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

and

MUNICIPAL DEVELOPMENT AND LENDING FUND

Dated April 24, 2014
GRANT NUMBER TF016835

PROJECT AGREEMENT

AGREEMENT dated April 24, 2014, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (the “World Bank”), acting as administrator of the Trust Fund for Gaza and West Bank, and the MUNICIPAL DEVELOPMENT AND LENDING FUND (“Project Implementing Entity” or “MDLF”) (“Project Agreement”) in connection with the Trust Fund Grant Agreement (“Grant Agreement”) of same date between the Palestine Liberation Organization (for the benefit of the Palestinian Authority) (“Recipient) and the World Bank. The World Bank and the Project Implementing Entity hereby agree as follows:

ARTICLE I — STANDARD CONDITIONS; DEFINITIONS

1.01. The Standard Conditions (as defined in the Appendix to the Grant 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 Grant Agreement or the Standard Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the World Bank and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. This Agreement and all obligations of the parties under it shall terminate on the date on which the Grant Agreement terminates in accordance with the provisions of its terms and the Standard Conditions.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Executive Director of the Municipal Development and Lending Fund.

4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423(MCI) 1-202-477-6391
Washington, D.C.

4.03. The Project Implementing Entity’s Address is:

Municipal Development and Lending Fund (MDLF)
Rashmawi Building, Al-Yasmin St.
Al-Bireh, West Bank

Telephone: Facsimile:
972-2-296-6610 972-2-295-0685

AGREED at Ramallah, ____________, as of the day and year first above written.

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

By

[Signature]
Authorized Representative

Name: Steen Lau Jorgensen
Title: Country Director

MUNICIPAL DEVELOPMENT AND LENDING FUND

By

[Signature]
Authorized Representative

Name: Saed AL Koni
Title: Chairman of MDLF
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall be responsible for overall Project implementation and for adequate compliance with the World Bank's fiduciary requirements and shall maintain for the entire duration of the Project adequate capability, form, functions, staffing and resources satisfactory to the World Bank.

2. The Project Implementing Entity shall: (a) carry out the Project in accordance with the Grant Agreement, this Agreement, On-Granting Agreement and the Project Operational Manual; (b) take all action, including the provision of funds, facilities, services and other resources, necessary or appropriate for the carrying out of the Project; (c) not take or permit to be taken any action which would prevent or interfere with the carrying out of the Project; and (d) not amend, suspend, abrogate, repeal, waive or assign any provision of this Agreement, the On-Granting Agreement, or the Project Operational Manual without prior approval of the World Bank.

3. To facilitate the carrying out of the Project the Project Implementing Entity shall enter into 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.

(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.

4. The Project Implementing Entity shall:

(a) exercise its rights under the On-Granting Agreement and under the arrangements with the JSC-KRM referred to in paragraph 3 above in such manner as to protect the interests of the Recipient, the World Bank and the Project Implementing Entity and to accomplish the purposes of the Grant; and

(b) not assign, amend, abrogate or waive the On-Granting Agreement or the arrangements with the JSC-KRM, or any of their provisions, except as the Recipient and the World Bank shall otherwise agree.

5. The Project Implementing Entity shall maintain the PDSU in a form and with functions, staffing and resources satisfactory to the World Bank. The PDSU shall be responsible for day to day activities related to project implementation, including: (i) financial management; (ii) procurement; (iii) monitoring and evaluation; (iv) social and environmental safeguards; and (v) Project related reporting.

B. Anti-Corruption

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

C. Safeguards.

1. The Project Implementing Entity shall: (i) carry out the Project in accordance with the Environmental and Social Impact Assessment, the Environmental and Social Management Plan and the Abbreviated Resettlement Action Plan; (ii) not amend, suspend, abrogate, repeal or waive any provision of the Environmental and Social Impact Assessment, the Environmental and Social Management Plan or the Abbreviated Resettlement Action Plan without prior approval of the World Bank; and (iii) monitor the implementation of the ESMP and 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**

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each such 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 Project Implementing Entity shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date.

B. **Financial Management, Financial Reports and Audits**

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its financial statements referred to above audited by independent auditors acceptable to the World Bank, in accordance with consistently applied auditing standards acceptable to the World Bank. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The Project Implementing Entity shall ensure that the audited financial statements for each period shall be: (a) furnished to the Recipient and the World Bank not later than six months after the end of the period; and (b) made publicly available in a timely fashion and in a manner acceptable to the World Bank.

Section III. **Procurement**

All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the provisions of Section III of Schedule 2 to the Grant Agreement.