NAME AND ADDRESS

Trust Fund Administration Agreement between the State of XXX acting through the XXX and the International Bank for Reconstruction and Development and the International Development Association concerning the Palestinian Recovery and Development Plan Multi-Donor Trust Fund (“PRDP-TF”)(TF071011)

Excellency:

We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “Bank”) the intention of the State of XXX, acting through the XXX (the “Donor”) to make available as a grant the sum of XXX United States dollars (US$ XXX) (the “Contribution”) for the Palestinian Recovery and Development Plan Multi-Donor Trust Fund (“PRDP-TF”) for the West Bank and Gaza (the “Project”). Other donors are also expected to contribute to this trust fund on the terms and conditions specified in the Annexes to this Agreement.

The Contribution shall be used to finance the activities and the categories of expenditure set forth in Section 1 (Objectives) and Section 2 (Eligible Expenditures) of the “Standard Provisions Applicable to the Palestinian Recovery and Development Plan Multi-Donor Trust Fund (“PRDP-TF”) for the West Bank and Gaza” (the “Standard Provisions”) attached hereto as Annex 1 and subject to Annex 2 (Items not eligible for financing under the PRDP-TF).

The Contribution shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement and the Standard Provisions. The Standard Provisions constitute an integral part of this Agreement.

The Donor shall deposit the Contribution in US dollars into IBRD’s Cash Account “T” number 2000192003489, Swift BIC Code PNBPUS3NNYC, Fed ABA Number 026005092 maintained at Wachovia Bank, NA, New York, 11 Penn Plaza, Floor 4, New York, NY 10038 promptly following countersignature of this Agreement by the Donor.

When making such deposit, the Donor shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF071011 (Palestinian Recovery and Development Plan Multi-Donor Trust Fund (“PRDP-TF”)), and the date of the deposit. In addition, the Donor shall provide a copy of the Donor’s deposit instruction to the
Bank’s Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

Immediately upon receipt of the Contribution funds, the Bank shall convert such funds into United States dollars.

The offices responsible for coordination of all matters related to the implementation of this Agreement are:

For the Bank:

West Bank and Gaza Country Management Unit
Middle East and North Africa Region
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel:+1 202 473 4746
Fax:+1 202 477 7511

For the Donor:

NAME, ADDRESS, PHONE, FAX

This Agreement may be amended only by written agreement between the Bank and the Donor; provided, however, that Annex 1 (Standard Provisions) and Annex 2 (Items not eligible for financing under the PRDP-TF) to this Agreement may only be amended with the agreement of all Donors contributing to this trust fund.
Please confirm your agreement with the foregoing, on behalf of the Donor, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon receipt by the Bank of the copy of this Agreement countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By _________________________________

Juan-José Daboub
Managing Director

AGREED:

THE STATE OF XXX

By: _________________________________

Name: His Excellency XXX

Title:

Date: _______________________________
The following provisions (hereinafter referred to as the “Standard Provisions”) shall be applicable to and form an integral part of all agreements entered into between the International Bank for Reconstruction and Development (“IBRD”) and the International Development Association (“IDA”) (collectively, the “Bank”) and donor countries and/or organizations (hereinafter referred to as the “Donors”) that provide grants (referred to as the “Donors’ Contributions”) to be administered by the Bank for the Palestinian Recovery and Development Plan Multi-Donor Trust Fund (“PRDP-TF”) for the West Bank and Gaza (the “Project”).

Definitions

“Grant” means a grant made or to be made by the Bank, out of the PRDP-TF, to the Palestine Liberation Organization, for the benefit of the Palestinian Authority, for the purposes and on terms and conditions set forth in the Grant Agreement (as defined in Section 6).

“PRDP” means the Palestinian Reform and Development Plan (PRDP 2008-2010) dated December 17, 2007, prepared by the Palestinian Authority, containing a 3-year fiscal framework, on the basis of which donors committed support at the Paris pledging conference.

“Single Treasury Account” means the bank account of the Ministry of Finance of the Palestinian Authority.

1. Objectives

The objectives of the PRDP-TF are to provide budget and development support for the Palestinian Authority’s policy agenda as expressed in the PRDP in the period from 2008 until 2010, and include, but are not limited to, the following aims:

(a) pooling different donor funds into one administrative mechanism that will reduce the transaction costs for the Palestinian Authority; and

(b) helping to alleviate the Palestinian Authority’s fiscal pressure by providing reliable disbursements on a regular basis.

2. Eligible Expenditures

Grants made from the PRDP-TF shall finance the recurrent expenditures by the Palestinian Authority with the exception of items described in Annex 2 which shall not be eligible for financing. In addition, the PRDP-TF shall finance the cost to the Bank to prepare and supervise the implementation of the Project, namely staff costs, consultants’ fees and travel expenses relating to the PRDP-TF. For the avoidance of doubt the terms “staff costs” and “consultants’ fees” include the following expense categories: (a) direct and indirect staff costs; (b) fees and benefits of extended-term consultants; and (c) temporary staff costs. Accordingly, the PRDP-TF shall finance the following cost of the Bank to prepare and supervise the implementation of the Project:
1. Staff costs;
2. short term consultants' fees;
3. extended term consultant fees;
4. temporary staff costs; and
5. travel expenses.

3. **Administration of the Donors’ Contributions**

   The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

4. **Commingling, Exchange and Investment of the Donors’ Contributions**

   4.1. The Contribution funds shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contribution funds may be commingled with other trust fund assets maintained by the Bank.

   4.2. The PRDP-TF shall be maintained in United States dollars. The Contribution funds may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

   4.3. The Bank shall invest and reinvest the Contribution funds pending their disbursement in accordance with the Bank’s policies and procedures for the investment of trust funds administered by the Bank. The Bank shall credit all income from such investment to the trust fund established under this Agreement to be used for the same purposes as the Contribution funds.

5. **Administrative Cost Recovery**

   In order to assist in the defrayment of the costs of administration of the Contributions funds incurred by the Bank under this Agreement, the Bank may, following deposit of Contribution funds, deduct from the total Donors’ Contributions in the PRDP-TF and retain for the Bank’s own account an amount of one hundred forty-seven thousand six hundred and seventy United States dollars (US$147,670). In addition, the Bank may also charge actual costs of program administration, supervision and other expenses up to a maximum of seven hundred and fifty two thousand one hundred and twenty five United States dollars (US$752,125).

6. **Grants to Recipient; Role of the Bank; Governance Structure of the PRDP-TF**

   6.1. The Bank shall, as administrator of the PRDP-TF on behalf of the Donors, enter into a grant agreement (the “Grant Agreement”) with the Palestine Liberation Organization (the “Recipient”), for the benefit of the Palestinian Authority, for the provision of Contribution funds for the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement. The Bank shall furnish a copy of the Grant Agreement to the Donors.
6.2. The Bank, in consultation with the International Monetary Fund (“IMF”), shall be solely responsible for the supervision and monitoring of the progress towards implementation of the PRDP financed under the Grant Agreement.

6.3. In carrying out its responsibilities, the Bank shall call consultation meetings with the IMF, the Donors, and the Palestinian Authority. Such meetings shall be called at least quarterly in each calendar year.

7. Disbursements

Disbursements of the Grant shall be made on a quarterly basis only after the Bank, in consultation with the IMF, has determined that the Palestinian Authority has made satisfactory progress towards the implementation of the PRDP (as further specified in the Grant Agreement), unless the Bank has granted a waiver following consultations with the IMF and the Donors. Additional disbursements may be made if upon request by the Recipient in writing in the case of an extraordinary situation the Bank is of the opinion that an additional disbursement is justified. Disbursements shall be made into a separate deposit account under the Single Treasury Account opened by the Palestinian Authority for the purposes of the PRDP-TF (the “Deposit Account”).

8. Accounting and Financial Reporting

8.1. The Bank shall maintain separate records and ledger accounts in respect of the Donors’ Contributions deposited in the trust fund account and disbursements made therefrom.

8.2. The Bank shall furnish to the Donor current financial information relating to receipts, disbursements and fund balance in United States dollars with respect to the Contribution funds via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months of the final disbursement date specified in paragraph 10.1, the final financial information relating to receipts, disbursements and fund balance in United States dollars with respect to the Contribution funds shall be made available to the Donor via the World Bank’s Trust Funds Donor Center secure website.

8.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for trust funds as a whole. The cost of such attestations shall be borne by the Bank.

8.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the trust fund established under this Agreement, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the most appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the Donor.

9. Coordination and Project Reporting

9.1. The Bank shall maintain close consultation and coordination with the Donors, and shall monitor, in close consultation with the IMF, on a quarterly basis the progress achieved by the Palestinian Authority in implementing the PRDP. The Bank shall provide the Donors after each
supervision mission with a progress report on the implementation of the PRDP. Within six (6) months of the final disbursement date specified in Section 10, the Bank shall provide a final report on the Project to each Donor.

9.2. The Bank shall promptly inform the Donors of any significant modification to the terms of the Grant Agreement and of any contractual remedy that is exercised by the Bank under the Grant Agreement. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

10. **Disbursement Deadline; Termination; Cancellation; Refund**

10.1. It is expected that the Contribution funds will be fully disbursed by the Bank in accordance with the provisions of this Agreement by August 1, 2011. The Bank shall only disburse Contribution funds for the purposes of this Agreement after such date with the written approval of the Donors.

10.2. Any Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of the Donor’s pro rata share of any remaining balance of the Contribution funds that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreement.

10.3. Upon the final disbursement date specified in paragraph 10.1, the Bank shall return any remaining balance of the Contribution funds to the Donors on a pro rata basis. In the event of a cancellation of an individual Donor’s pro rata share of uncommitted Contribution funds in accordance with paragraph 10.2, the Bank shall return such cancelled balance to the Donor.

11. **Disclosure**

The Bank may disclose this Agreement and information on this trust fund in accordance with the Bank’s policy on disclosure of information.

12. **Use of funds**

Recognizing the obligations of the Bank’s member countries under various United Nations Security Council Resolutions to take measures to prevent financing of terrorists, the Bank undertakes to use reasonable efforts, consistent with IBRD’s and IDA’s Articles of Agreement and policies, including those pertaining to combating financing for terrorists, to ensure that the funds provided under this Agreement are used for their intended purposes and are not diverted to terrorists or their agents.
ANNEX 2

Items not eligible for financing under the PRDP-TF for the Palestinian Recovery and Development Plan for the West Bank and Gaza

“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 IBRD or IDA has financed or agreed to finance, or which the IBRD or IDA 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>
</tr>
</thead>
<tbody>
<tr>
<td>112</td>
<td></td>
<td>Alcoholic beverages</td>
</tr>
<tr>
<td>121</td>
<td></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>
</tr>
<tr>
<td>525</td>
<td></td>
<td>Radioactive and associated materials</td>
</tr>
<tr>
<td>667</td>
<td></td>
<td>Pearls, precious and semiprecious stones, unworked or worked</td>
</tr>
<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>Group</td>
<td>Sub-group</td>
<td>Description of Item</td>
</tr>
<tr>
<td>-------</td>
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</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.