

CONFORMED COPY
April 28, 2011

H.E. Dr. Salam Fayyad
Prime Minister and Minister of Finance
Ministry of Finance
Palestinian National Authority
Ramallah, West Bank and Gaza

Excellency,

**Palestinian Recovery and Development Plan Multi-Donor Trust Fund
(Trust Fund No. TF099558 – successor of TF091935)
Amendment to Grant Agreement**

We refer to the Grant Agreement between the Palestine Liberation Organization (for the benefit of the Palestinian Authority) (“Recipient”) and the International Bank for Reconstruction and Development and International Development Association (collectively, “World Bank”) acting as administrator of grant funds provided by various donors (“Donors”) under the Palestinian Recovery and Development Plan Multi-Donor Trust Fund (“PRDP-TF”) dated April 11, 2008, as amended (the “Grant Agreement”). We also refer to the recent decision of the Donors to extend the Disbursement Deadline of the PRDP-TF till August 1, 2014.

For administrative purposes and in an effort to maintain proper controls, the Bank has assigned a new trust fund reference number, Trust Fund Number TF099558 to the PRDP-TF. All future correspondence and financial reporting regarding this Grant shall reference this new Trust Fund reference number.

We are pleased to inform you that the World Bank has received commitment from Donors for additional contributions to the PRDP-TF. Accordingly, we propose to amend the Grant Agreement as follows:

1. The amount defined as “Grant” in the first paragraph of the Grant Agreement is amended to reflect the increase the amount of overall grant funds by an additional Thirty Six million Three Hundred Sixty Two Thousand One Hundred and Eighty Four United States Dollars (USD 36,362,184) and shall read “Six Hundred Twenty Five Million Three Hundred Thirty Two Thousand Eight Hundred and Sixty Eight United States Dollars (USD 625,332,868) (“Grant”)”.

2. The last sentence of Section 2.01 of the Annex is amended to read:

“The objective of the Program is to provide budget and development support for the Palestinian Authority’s policy agenda as expressed in the PRDP or in any subsequent development plan prepared by the Palestinian Authority and acceptable to the World Bank.”

3. Paragraph (a) of Section 2.03 of the Annex is amended to read:

“(a) The Recipient shall cause the Palestinian Authority to monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 2.06 of the Standard Conditions that set out progress on the implementation of the Program in accordance with the LDP or in accordance with the letter of development policy submitted by the Palestinian Authority to the World Bank for the purposes of the most recent development policy operation financed by the World Bank. Each Program Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.”

4. The Closing Date set forth in Section 3.06 of the Annex is revised to read “February 1, 2014”.

5. Except as specifically amended by this Amendment Letter, all provisions of the Grant Agreement remain the same.

6. We propose that this letter shall constitute an amendment to the Grant Agreement. Please confirm your acceptance to the foregoing, on behalf of the Recipient, by signing and dating the two originals, retaining one original for your records and returning the other original to the World Bank. Upon receipt by the World Bank of the original Amendment Letter countersigned by you, this Amendment Letter will become effective as of the date of your countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Dina Abu-Ghaida
Authorized Representative

CONFIRMED:

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

By: /s/ Salam Fayyad
Dr. Salam Fayyad

Title: Prime Minister and Minister of Finance
Palestinian National Authority

Date: April 28, 2011

