November 6, 2014

H.E. Dr. Shukry Bishara
Minister of Finance
Ministry of Finance
Palestinian Authority
Ramallah

West Bank and Gaza: Third Additional Financing for the North Gaza Emergency Sewage Treatment Project (TF016501)
Reinstatement of the Legal Agreement and Retroactive Extension of the Effectiveness Deadlines

Excellency:

1. We refer to the Grant Agreement for the Third Additional Financing for the North Gaza Emergency Sewage Treatment Project dated May 8, 2014 (TF016501) between the Palestine Liberation Organization (the “Recipient”) (for the benefit of the Palestinian Authority) and the International Development Association (the “World Bank”) acting as administrator of grant funds provided by various donors under the Partnership for Infrastructure Development in the West Bank and Gaza Multi-Donor Trust Fund (“Grant Agreement”). We also refer to your letter dated September 16, 2014 requesting the World Bank to reinstate the Grant Agreement and retroactively extend the Effectiveness Deadline to October 20, 2014.

2. As you are aware, Section 5.01 of the Grant Agreement requires that certain conditions be met before the Grant Agreement could be declared effective. Section 5.04 of the Grant Agreement provides that the Grant 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 the Grant Agreement. Unfortunately, due to delays in bringing the Grant Agreement into effect, the Effectiveness Deadline elapsed. After due consideration of the reasons for the delay in bringing the Grant Agreement into effect and its termination, we are pleased to inform you that the World Bank has acceded to your request and propose to amend the Grant Agreement as follows:

(a) the Grant Agreement is hereby reinstated as of May 8, 2014; and

(b) The Effectiveness Deadline set forth in Section 5.04 of the Grant Agreement is hereby retroactively extended to November 20, 2014.

3. All the terms and conditions of the Trust Fund Grant Agreement that have not been amended hereby shall remain unchanged and in full force and effect.
4. Please confirm your agreement on behalf of the Recipient with the above amendment by signing, dating and returning to us one of the original copies of this Amendment Letter. The Amendment Letter will become effective as of the date of your countersignature upon receipt by the World Bank the original copy of this Amendment Letter countersigned by you.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

By: Steen Lau Jorgensen

Country Director

West Bank and Gaza

AGREED:

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

[Signature]

By: Shukry Bishara

Name: Shukry Bishara

Title: Minister of Finance

Date: November 6, 2014