April 3, 2013

H.E. Dr. Salam Fayyad
Prime Minister and Minister of Finance
Palestinian Authority
Ramallah

Re: WEST BANK AND GAZA: Grant No. TF 097344-GZ
(Capacity Building for Palestinian Economic and Regulatory Institutions Project)
Additional Instructions: Disbursement Letter– First Restatement

Excellency,

I refer to the Grant Agreements ("Agreements") between the International Development Association (the "World Bank"), acting as Administrator of the Trust Fund for Gaza and West Bank, and the Palestine Liberation Organization (for the Benefit of the Palestinian Authority) (the "Recipient") for the above-referenced project, dated August 10, 2010. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF097344-GZ ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

This letter is a First Restatement of the Disbursement Letter dated August 10, 2010 for the above referenced project, restating Section II(vi) as follows: (i) to change the currency of the Designated Account from Pounds Sterling (GBP) to United States Dollars (USD); and (ii) to introduce a Ceiling of USD300,000.00. As a result the Minimum Value of Applications in section II(v) of the Letter has been restated as USD 60,000. The Letter has been updated to reflect the Bank of Palestine as the financial institution where the Designated Account is opened. All other provisions of the Disbursement Letter dated August 10, 2010, except as amended, shall remain in force and effect.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance
- Direct Payment
(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Grant Agreement.

II. Withdrawal of Grant Proceeds

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
West Bank & Gaza Office
Jerusalem, Dahiet Al-Barid
P.O. Box 54842
Attention: Mariam J. Sherman, Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank
West Bank & Gaza Office
Jerusalem, Dahiet Al-Barid
P.O. Box 54842
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank’s Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification devices ("Tokens") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with Tokens for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (https://clientconnection.worldbank.org). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of Tokens to Process Applications. By designating officials to accept Tokens and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Devices in connection with Use of Electronic Means to Process Applications and
Supporting Documentation ("Terms and Conditions of Use of Tokens") provided in Attachment 3; and (b) to deliver the Terms and Conditions of Use of Tokens to each such official and to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is USD 60,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated
- **Currency of Designated Account (subsection 5.4):** USD
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Bank of Palestine, PLC
- **Ceiling (subsection 6.1):** USD300,000.

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued at USD 100,000 or more;
  - Statement of Expenditures in the form attached (Attachment 4) for all other expenditures / contracts.

- **For reporting eligible expenditures paid from the Designated Account:**
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts valued at USD100,000 or more;
  - Statement of Expenditure in the form attached (Attachment 4) for all other expenditures / contracts.

- **For requests for Direct Payment:** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices, above the minimum application size.


IV. Other Important Information

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact Aissatou Diallo, Sr. Finance Officer at LOAMNA@worldbank.org using the above reference.

Yours sincerely,

[Signature]

Mariam Sherman
Country Director
West Bank and Gaza

Attachments listed below remain valid as provided under the original Disbursement Letter
2. Form for Authorized Signatures
4. Form of “Statement of Expenditure”

Cleared with and cc Ms. Nabila Assaf (MNSF1)

cc: Messrs./Mmes.: Nikolai Soubbotin (LEGE); Nadi Yosef Mashni (MNAFM); Adel Fahed J. Odeh (MNCGZ); Maha Muhammad Bali (MNCGZ), Aissatou Diallo (CTRLA); Khaled Mohamad Ben Brahim (CTRLA)