H.E. Dr. Salam Fayyad  
Prime Minister and Minister of Finance  
Ramallah  
West Bank

Re: West Bank and Gaza: Swedish Trust Fund for EMSRP II Grant Agreement (TF092840) 
Second Emergency Municipal Services Rehabilitation Project (EMSRP II) 
Amendment to Trust Fund Grant Agreement

Excellency:

We refer to the Swedish Trust Fund for EMSRP II Grant Agreement related to the Second Emergency Municipal Services Rehabilitation Project (EMSRP II) dated October 23, 2008 (the Grant Agreement), between the Palestine Liberation Organization (for the benefit of the Palestinian Authority) (the Recipient) and the International Development Association (the World Bank), acting as administrator of the Swedish Trust Fund for EMSRP II (Trust Fund), as amended.

The Bank has received the second tranche of the additional contribution to the Trust Fund from the Swedish International Development Cooperation Agency. As a result of currency conversions, total grant proceeds has increased by three hundred twenty nine thousand sixty eight United States Dollars and forty five cents ($329,068.45). Accordingly, we propose to amend the Grant Agreement to reflect this increase.

Accordingly, the Grant Agreement is amended as follows:

1. The amount defined as “Grant” in Section 3.01 of the Grant Agreement is amended to read “eight million six hundred fifteen thousand two hundred fourteen United States Dollars and eighty six cents ($8,615,214.86)”.

2. The table set forth in paragraph 2 of Section IV. A of Schedule 2 to the Grant Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>250,896.00</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods</td>
<td>3,457,597.00</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Incremental Operating Costs</td>
<td>4,409,586.41</td>
<td>100%</td>
</tr>
</tbody>
</table>
Except as specifically amended by this amendment letter, all provisions of the Grant Agreement remain in full force and effect.

Please confirm your agreement to the amendment set out above by signing and dating this letter in the spaces provided below. This amendment letter may be executed in two counterparts each of which shall be an original.

Upon confirmation, please return one fully executed original to us. The provisions set forth in this amendment letter shall become effective upon receipt by the World Bank of one fully executed original of this amendment letter.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION
(As Administrator of the Swedish Trust Fund for EMSRP II)

/s/ Mariam J. Sherman
Country Director
West Bank and Gaza

CONFIRMED:

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

By: /s/ Salam Fayyad

Authorized representative

Name: Salam Fayyad

Title: Minister of finance

Date: December 9, 2010