H.E. Mr. Abdulkarim I. Al Arhabi
Deputy Prime Minister for Economic Affairs and
Minister of Planning and International Cooperation
& Managing Director of Social Fund for Development
Ministry of Planning and International Cooperation
P. O. Box 175
Sana’a, Republic of Yemen

Re: Credit No. 4220-YEM
Rainfed Agriculture and Livestock Project
Amendment to the Development Credit Agreement

Excellency:

We refer to the Development Credit Agreement (Rainfed Agriculture and Livestock Project) between the Republic of Yemen (the Borrower) and the International Development Association (the Association) dated September 11, 2006 (the Credit Agreement). We also refer to your letters dated September 28, 2009 and May 23, 2010, requesting certain amendments to the Credit Agreement.

We are pleased to inform you that the Association, after due consideration, has acceded to your requests. Accordingly, the Credit Agreement is hereby amended as follows:

1. Paragraph 1 of Schedule 1 of the Credit Agreement is amended as follows:

   “1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, Goods, Consultants’ Services, Training and Incremental Operating Costs under Parts A and B of the Project</td>
<td>6,200,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
2. Paragraph 1 of Section IIB of Schedule 3 of the Credit Agreement is amended to read as follows:

   “1. National Competitive Bidding. (a) (i) For Part C of the Project: Goods estimated to cost less than $300,000 equivalent per contract and works estimated to cost less than $500,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding, including the clarifications set forth in paragraph (b) of this Part B.1 required for compliance with the provisions of the Guidelines; and (ii) for Parts A and B of the Project: Goods estimated to cost less than $300,000 equivalent per contract and works estimated to cost less than $500,000 equivalent per contract, may be procured under contracts awarded on the basis of National Competitive Bidding, including the clarifications set forth in paragraph (b) of this Part B.1 required for compliance with the provisions of the Guidelines.”

3. Paragraph 2 of Section IIB of Schedule 3 of the Credit Agreement is amended to read as follows:

   “2. Shopping. (i) For Part C of the Project: Goods estimated to cost less than $50,000 equivalent per contract and works estimated to cost less than $50,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping; and (ii) for Parts A and B of the Project: Goods estimated to cost less than $25,000 equivalent per contract and works estimated to cost less than $25,000 equivalent per contract, may be procured under contracts awarded on the basis of Shopping.”

All the terms and conditions of the Credit Agreement that have not been amended hereby shall remain unchanged and in full force and effect.
Please confirm your agreement with the foregoing by signing and dating the confirmation on the enclosed copy of this Letter Agreement and returning it to the Association.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ A. David Craig
Country Director
Yemen, Egypt and Djibouti
Middle East and North Africa Region

AGREED AND CONFIRMED:

REPUBLIC OF YEMEN

By: /s/ Abdulkarim I. Al-Arhabi
Authorized Representative

Title: Deputy Prime Minister for Economic Affairs,
Minister of Planning and International Cooperation

Date: September 4, 2010