H.E. Dr. Mohammed Saed Al-Sadi  
Minister of Planning and International Cooperation  
Ministry of Planning and International Cooperation  
P. O. Box 175  
Sana’a, Republic of Yemen

Subject: Additional Financing for Social Fund for Development Phase IV Project  
(Original Financing Grant Number H548-RY  
Additional Financing Grant Number H833-RY)  
Amendment to the Financing Agreement

Excellency:

1. We refer to the Financing Agreement for the Social Fund for Development Phase IV Project (the Project) between the Republic of Yemen (the Recipient) and the International Development Association (the Association) dated June 28, 2010, as amended (the Financing Agreement). We also refer to your letter, dated February 3, 2013, regarding the proposed additional financing for the Project.

2. We are pleased to inform you that the Association has acceded to your request and agreed to provide an additional financing for the Project in an amount equivalent to sixteen million three hundred thousand Special Drawing Rights (SDR 16,300,000). Accordingly we propose to amend the Financing Agreement as follows:

3. Section 2.01 is amended to read:

   “2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant consisting of the original grant in an amount equivalent to thirty eight million seven hundred thousand Special Drawing Rights (SDR 38,700,000) (the “Original Grant”) and an additional grant in an amount equivalent to sixteen million three hundred thousand Special Drawing Rights (SDR 16,300,000) (the “Additional Grant”) to assist in financing the Project described in Schedule 1 to this Agreement (the “Project”). The Original Grant and the Additional Grant jointly referred to as the “Financing” or the “Grant”.”

4. The following new paragraphs 3 and 4 are added in Part D of Schedule 1:

   “3. Financing of labor-intensive works that provide income opportunities and work experience to young people and at the same time improve the communities’ access to public infrastructure.

   4. Financing of social services to be provided by young people and women at the community level that provide income opportunities and work experience to young people and women and at the same time improve the communities’ access to basic social services.”
5. Paragraph 1 of Part A of Section III of Schedule 2 is amended to read:

"1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section."

6. The table in paragraph 2 of Part A of Section IV of Schedule 2 is revised as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Original Grant Allocated (expressed in SDR)</th>
<th>Amount of the Additional Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods, works, non-consulting services, consultants’ services, Sub-Grants, wages of social services providers under Part D.4 of the Project, Training and Incremental Operating Costs for the Project</td>
<td>38,700,000</td>
<td>16,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>SUBTOTAL AMOUNT</td>
<td>38,700,000</td>
<td>16,300,000</td>
<td></td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td></td>
<td></td>
<td>55,000,000</td>
</tr>
</tbody>
</table>

7. The Closing Date in paragraph 2 of Part B of Section IV of Schedule 2 is revised to read "December 31, 2016".

8. Paragraph 1 of Section I of the Appendix is amended to read:


9. Paragraph 3 of Section I of the Appendix is amended to read:

"3. "Consultant Guidelines" means:

(a) "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004, and revised in October 2006, in the case of consultants’ services financed from the Original Grant; and

(b) "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011, in the case of consultants’ services financed from the Additional Grant."

10. Paragraph 9 of Section I of the Appendix is amended to read:
“16. “Procurement Guidelines” means:

(a) “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004, and revised in October 2006, in the case of goods and works financed from the Original Grant; and

(b) “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011, in the case of goods, works and non-consulting services financed from the Additional Grant.”

11. Unless the context otherwise requires and except where otherwise defined in this Amendment Letter, all capitalized terms contained herein shall have the meanings given to them in the Financing Agreement.

12. All the terms and conditions of the Financing Agreement that have not been amended hereby shall remain unchanged and in full force and effect.

13. The following event is specified as a condition of effectiveness of this Amendment Letter, namely, the Subsidiary Agreement has been revised according to the provisions of this Amendment Letter.

14. 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 on which the Association dispatches to the Recipient notice of its acceptance of the evidence that the Amendment Letter effectiveness condition set forth in paragraph 13 above has been satisfied.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

[Signature]

Hartwig Schafer
Country Director
Yemen, Egypt and Djibouti
Middle East and North Africa Region

AGREED AND CONFIRMED:

REPUBLIC OF YEMEN

[Signature]

By: H.E. Dr. Mohammed Saed Al-Saeed
Minister of Planning and International Cooperation

Date: May 4, 2013

3