H.E. Dr. Mohammed Saeed Al-Saadi  
Minister of Planning and International Cooperation  
Ministry of Planning and International Cooperation  
P. O. Box 175  
Sana'a, Republic of Yemen

Re: Republic of Yemen: Co-Financing Dutch Trust Fund to Support the  
Secondary Education Development and Girls Access Project (Grant No TF094223)  
Amendment to the Grant Agreement

Excellency:

We refer to the Grant Agreement for co-financing the Secondary Education Development and Girls Access Project (Grant No TF094223) between the Republic of Yemen ("Recipient"), on the one part, and the International Development Association ("the Association"), on the other part, acting as administrator of grant funds provided by the Netherlands Minister for Development Cooperation ("Donor"), dated May 17, 2009. We also refer to our recent discussions regarding amendment of the Project.

Accordingly, the Grant Agreement is hereby amended as follows:

1. The amount of the Grant indicated in the first paragraph of the Grant Agreement is amended to “an amount not to exceed six million six hundred fifteen thousand United States Dollars (US$6,615,000)".

2. A new sub-paragraph (a) is added to Section 1.02 of the Annex to the Grant Agreement as follows and the remaining paragraphs renumbered accordingly:

   “(a) Annual Work Plan and Budget” means the annual work plan and budget prepared by the Recipient, and agreed with the Association and Co-financiers, showing activities to be financed in the following year, together with projected annual expenditures under the Project, and the agreed percentages of financing for such expenditures”

3. Sub-paragraphs (e) of Section 1.02 (previously sub-paragraph (d)) of the Annex to the Grant Agreement is amended to read as follows:

   “(e) Co-financing” means: (a) a proposed in-kind grant equivalent to three million United States Dollars (US$3,000,000) from Germany’s GIZ; and (b) a proposed grant in an amount of eight million Euros (€8,000,000) from KfW.”
4. Sub-paragraphs (i) and (j) of Section 1.02 of the Annex to the Grant Agreement (previously sub-paragraphs (h) and (i)) are amended to read as follows:

(i) Incremental Operating Costs incurred by the PAU means the reasonable cost of expenditures incurred by the PAU and by the Recipient on account of Project implementation, management and monitoring for Parts A.2, B and C of the Project, including office rent, supplies, communication and translation services, audit costs, travel costs (including transport, fuel and per diem), vehicle maintenance, advertising, mailing and shipping costs.; and

(j) Incremental Operating Costs incurred by the PMU means the reasonable cost of expenditures incurred by the PMU on account of Project implementation, management and monitoring for Part A.1(a), (b) and (c) of the Project, including office rent, supplies, communication and translation services, travel costs (including transport, fuel and per diem), vehicle maintenance, advertising, mailing and shipping costs, and salaries of PMU staff but excluding the salaries of officials of the Recipient’s civil service.

5. The Project Description at Section 2.01 of the Annex to the Grant Agreement is deleted and is hereby amended to read as follows:

**Part A: Upgrading and Furnishing School Facilities in Selected Districts and School Community Grants.**

1. Improvement of school facilities including classrooms, science and computer laboratories and multi-purpose rooms through: (a) the carrying out of works for the extension, rehabilitation and upgrading of existing school facilities and provision of school furniture; and (b) the provision of learning equipment and learning materials to upgrade such school facilities.

2. (a) Developing the Operations Manual, conducting awareness campaigns and building capacity at the Governorate, district and community levels to manage supervise and monitor the use of the School Community Grants, through the provision of consultants’ services and training; and (b) Provision of School Community Grants to finance targeted incentives which include: (i) subsidies to arrange transportation to school; (ii) financing eligible contractual female staff in co-educational schools; and (iii) conditional cash transfers to girls in grades 4-12 and to boys in grades 10-12 in selected districts within the Project Area.

**Part B: Enhancing the Quality of Service Delivery**

1. Provision of learning equipment and materials to selected schools; and

2. Capacity building of teachers, principals and supervisors in selected schools to improve teaching and learning practices in the classroom.

**Part C: Project Management and Monitoring**

Supporting and strengthening the capacity of the PAU to carry out the fiduciary, monitoring and reporting duties required for the Project.”
6. Section 2.06(d)(ii) of the Annex to the Grant Agreement is amended as follows:

“(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality bases selection; (B) Fixed budget selection; (C) Least Cost Selection; (D) Selection based on Consultant’s Qualifications; (E) Single-source selection; and (F) Selection of Individual Consultants.”

7. The table at Section 3.01 of the Annex to the Grant Agreement is amended 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 (exclusive taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part A.1 (a) of the Project</td>
<td>350,300</td>
<td>Such percentage as the Association shall determine from time to time</td>
</tr>
<tr>
<td>(b) Other Parts of the Project</td>
<td>900,000</td>
<td></td>
</tr>
<tr>
<td>(2) Civil Works under Part A.1(a)</td>
<td>3,390,000</td>
<td>Such percentage as the Association shall determine from time to time</td>
</tr>
<tr>
<td>(3) Consulting Services under:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Part A.1(a) of the Project</td>
<td>99,000</td>
<td>Such percentage as the Association shall determine from time to time</td>
</tr>
<tr>
<td>(b) Other Parts of the Project</td>
<td>199,000</td>
<td></td>
</tr>
<tr>
<td>(4) Incremental Operating Costs incurred by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) PAU</td>
<td>172,000</td>
<td>Such percentage as the Association shall determine from time to time</td>
</tr>
<tr>
<td>(b) PMU</td>
<td>112,200</td>
<td></td>
</tr>
<tr>
<td>(5) Training</td>
<td>730,000</td>
<td>Such percentage as the Association shall determine from time to time</td>
</tr>
<tr>
<td>(6) School Community Grants</td>
<td>662,500</td>
<td>Such percentage as the Association shall determine from time to time</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,615,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
8. Section 3.02 of the Annex to the Grant Agreement is amended as follows:

"3.02 Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient; or

(b) for payments made for expenditures under Categories (1), (2), (3), (4), (5) and (6) unless the Recipient has submitted to the Association an Annual Work Plan and Budget, satisfactory to the Association. Except for the first such Annual Work Plan and Budget, which shall be submitted to the Association not later than March 15, 2012 each subsequent Annual Work Plan and Budget shall be submitted to the Association for approval no later than December 31 of the preceding calendar year."

9. The Closing Date in Section 3.03 is amended to read December 31, 2013.

All the terms and conditions of the Grant 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 Amendment to the Grant Agreement and returning it to the Association. Upon receipt by the Association of this countersigned copy of this amendment letter, the amendment shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Poonam Gupta
Acting Country Director
Yemen, Egypt and Djibouti
Middle East and North Africa Region

AGREED AND CONFIRMED:

REPUBLIC OF YEMEN

Date: [15 May], 2012

Dr. Mohammed Saed Al-Sadi
Minister of Planning & International Cooperation