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The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY

August 25, 2010

H.E. Mr. Abdulkarim I. Al Arhabi
Deputy Prime Minister for Economic Affairs and
Minister of Planning and International Cooperation
Ministry of Planning and International Cooperation
P. O. Box 175
Sana'a, Republic of Yemen

Re: Grant No. H543-RY
Additional Financing for the Second Rural Access Project
Amendment to the Financing Agreement

Excellency:

We refer to the Financing Agreement (Additional Financing for the Second Rural Access Project) between the Republic of Yemen (the Recipient) and the International Development Association (the Association) dated March 16, 2010 (the Financing Agreement). We also refer to the letter from Dr. Qalama, Director-General of Legal Affairs, Ministry of Planning and International Cooperation, dated July 19, 2010, concerning the omission of a category of expenditure from the executed copy of the Financing Agreement and a request to amend the Financing Agreement to correct this error.

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

1. The table at paragraph 2 of Section IV of Schedule 2 of the Financing Agreement is amended as follows:

"

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods under:		100%
(a) Parts A and B of the Project	160,000	
(b) Part C of the Project	100,000	
(2) Civil works under:		
(a) Part A of the Project	14,600,000	84%
(b) Part C of the Project	3,720,000	60%

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(3) Consultants' services, including audit under: (a) Parts A, B.1, B.2, B.3, B.4, B.6 and B.7 of the Project (b) Part B.5 of the Project (c) Part C of the Project	 1,860,000 950,000 790,000	90%
(4) Training under Part B of the Project	260,000	100%
(5) Incremental Operating Costs under Parts A and B of the Project	400,000	80%
(6) Unallocated	2,360,000	
TOTAL AMOUNT	25,200,000	

"

2. In Section 6.03 of the Financing Agreement, the place of signing is amended to read as follows:

"AGREED in Sana'a, Republic of Yemen, as of the day and year first above written"

All the terms and conditions of the Financing 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
Deputy Prime Minister for Economic Affairs and
Minister of Planning and International Cooperation
Date: _____