May 8, 2013

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: Additional Financing for Flood Protection and Emergency Reconstruction Project  
(Grant No. H459 –RY)  
Amendment to the Financing Agreement

Excellency:

We refer to the Financing Agreement between the Republic of Yemen (the Recipient) and the International Development Association (the Association) dated April 20, 2009 (the Agreement), as amended. We also refer to your letter dated June 10, 2012, requesting for amendment to the Agreement.

We are pleased to inform you that the Association has acceded to your request, and proposes to amend the Agreement as set forth in this letter (the Amendment).

1. Section I.C of Schedule 2 to the Agreement shall be amended by inserting paragraphs 4 and 5 to Section I.C to read follows:

   “4.” “The Recipient shall carry out rehabilitation and other works relating to 7 kilometers of a section of the Abdallah Gharib road under Part A.3 of the Project in accordance with the Environmental and Social Impact Assessment (ESIA) Study, the Environmental and Social Management Plan (ESMP), and the provisions of this Agreement.”

   “5.” “The Recipient shall include in the semi-annual reports referred to in Section I.C.2 (v) of this Schedule adequate information on the implementation of the ESIA and the ESMP, giving details of (a) measures taken in furtherance of the ESIA and the ESMP; (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESIA and the ESMP; and (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the ESIA and the ESMP.

2. Section IV.B. 1 to the Agreement shall be amended by inserting a sub-paragraph (c) to read as follows:

   “1. “(c)” “no withdrawal shall be made under Category 1(b) for rehabilitation or other works relating to 7 kilometers of a section of the Abdallah Gharib road, unless the ESMP has been updated, in form and substance satisfactory to the Association, to include: (i) mitigating measures specific to the relevant section of the Abdallah Gharib road under Part A.3 of the Project; (ii) monitoring measures
adequately reflecting a realistic plan of parameters and costs; and (iii) an institutional strengthening plan consisting, *inter alia*, the environmental officer assigned to the PMU and a supervisory engineering firm, which will be responsible for review and monitoring the implementation of the ESMP and providing training to the Project staff that have the responsibility for the environmental and social safeguard management and implementation, including the ESMP."

3. The Closing Date referred to in Section IV.B.2 of Schedule 2 to the Agreement shall be established as December 31, 2014.

4. The Appendix to the Agreement shall be amended by (a) referring to the Section under Definitions as "Section 1. Definitions"; (b) renumbering paragraphs 6 and 7 of said Section 1 as paragraphs 7 and 8, respectively, and the subsequent paragraphs as 9 through 23; and (c) inserting paragraphs 6 and 7 to read as follows:

"6." "Environmental and Social Impact Assessment Study" or "ESIA" means the recipient's environmental and social impact assessment study, in form and substance satisfactory to the Association, dated February 2013 and published on February 5, 2013, in view of assessing the environmental and social impacts and defining the required Environmental and Social Management Plan (ESMP), for a section of Abdallah Gharib road under Part A.3 of the Project."

"7." "Environmental and Social Management Plan" or "ESMP" means the Recipient's plan, in form and substance satisfactory to the Association, dated February 2013 and published on March 12, 2013, for rehabilitation and other works comprising of about 7 kilometers of a section of Abdallah Gharib road under Part A.3 of the Project, including mitigation measures, monitoring, institutional capacity, implementation arrangement, schedule and budget for said section of Abdallah Gharib road, and adopted on the basis of the ESIA and to be implemented and monitored in a manner satisfactory to the Association."

Except as stated herein, all the terms and conditions of the Agreement 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 Amendment and returning it to the Association. Upon receipt by the Association of the countersigned copy of this Amendment, the Amendment shall become effective as of the date of countersignature.

Sincerely,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: Ipek Alkan
Acting Country Director
Yemen, Egypt and Djibouti
Middle East and North Africa Region
AGREED AND CONFIRMED:

REPUBLIC OF YEMEN

By: ________________________
Authorized Representative

Name: Dr. Mohammed Saled Al-Saeed

Title: Minister of Planning and International Cooperation