H.E. Dr. Mohamed Saed Al-Sadi  
Minister of Planning and International Cooperation  
Ministry of Planning and International Cooperation  
Sana’a, Republic of Yemen  
(Transmission by fax: 967-1-250-665)

Republic of Yemen: Integrated Urban Development Project  
(Grant no H5650-RY)  
Amendment to the Financing Agreement

Excellency:

We refer to the Financing Agreement between the Republic of Yemen ("Recipient") and the International Development Association ("Association") dated June 28, 2010, (the "Financing Agreement"), as amended. We also refer to your letter dated February 23, 2014, requesting the Association to amend the Financing Agreement.

We are pleased to inform you that, after due consideration, the Association concurs with the request, and consequently the Financing Agreement is hereby amended as set forth below:

1. Schedule I to the Financing Agreement is amended and attached as Annex-I to this amendment letter.
2. Section 2.01 of the Financing Agreement is amended to read as follows:

"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 in an amount equivalent to nine million four hundred three thousand four hundred fifty six Special Drawing Rights (SDR 9,403,456) ("Financing"), which consists of an amount equivalent to eleven million eight hundred thousand Special Drawing Rights (SDR 11,800,000), as reduced by an amount equivalent to two million three hundred ninety six thousand five hundred forty four Special Drawing Rights (SDR 2,396,544), to assist in financing the project described in Schedule I to this Agreement ("Project")."

3. The table under Section IV.A.2 of Schedule 2 to the Financing Agreement is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consultants’ services and Training under Parts A and B of the Project</td>
<td>887,514</td>
<td>100%</td>
</tr>
</tbody>
</table>
4. Section IV.B.2 of Schedule 2 to the Financing Agreement is amended to read as follows:

"2. The Closing Date is March 31, 2015."

5. Attachment to the Supplemental Letter No.2 (Performance Monitoring Indicator) is revised and attached as Annex-2 to this amendment letter.

Except as specifically amended by this amendment letter, all other provisions of the Financing Agreement remain in full force and effect.

Please confirm your agreement to the foregoing by signing the form of confirmation set forth below and returning one fully executed original of this amendment letter to us and retaining one original for your records. This amendment letter shall become effective as of the date of countersignature.

Sincerely yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

AGREED
REPUBLIC OF YEMEN

By: ____________________________

Name: Dr. Mohammed Saeed Al-Saadi
Title: Minister of Planning and International Cooperation
Date: April 19, 2014
SCHEDULE 1

Project Description

The objective of the Project is to improve access to basic services in informal settlements in three urban areas in Taiz.

The Project consists of the following parts:

**Part A: Infrastructure in Taiz**

Provision of goods, works, and consultants' services for the upgrading of public infrastructure in selected settlements in Taiz, including road and pedestrian ways, water, drainage and sewage systems and street lighting.

**Part B: Institutional Strengthening and Capacity Building**

Provision of goods, training, and consultants' services for establishing and supporting a core geographic information system unit in the Governor's office.

**Part C: Project Management**

Provision of goods, consultants' services, and incremental operating costs to the reduced PMU staff to support Project implementation.
### Integrated Urban Development Project (P107050)

#### Revised Results Framework and Monitoring

<table>
<thead>
<tr>
<th>PDO</th>
<th>Project Outcome Indicator</th>
<th>Use of Outcome Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>To improve access to basic services in informal settlements in three urban areas in Taiz</td>
<td>• Direct project beneficiaries (of which % women)</td>
<td>Measure the number of beneficiaries (incl % of women), using the Core Indicator</td>
</tr>
<tr>
<td></td>
<td>• Number of people in urban areas provided with access to Improved Sanitation under the project</td>
<td>To determine whether targeting strategy reaches intended beneficiaries</td>
</tr>
<tr>
<td></td>
<td>• Number of people in urban areas provided with access to Improved Water Sources under the project</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Number of people in urban areas in Taiz provided with access to all season roads within a 500 meter range</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intermediate Outcomes</th>
<th>Intermediate Outcome Indicators</th>
<th>Use of Intermediate Outcome Monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urban upgrading in three informal settlements in Taiz (Al-Maftash, Al-Haraziya/Al-arous, and Medinat al-Noor.)</td>
<td>• Establishment of a core Geographic Information System unit in Taiz</td>
<td>Measure physical progress towards the achievement of the project’s development objective</td>
</tr>
<tr>
<td></td>
<td>• New household sewer connections constructed under the project</td>
<td>Assess improvement of infrastructure in Taiz</td>
</tr>
<tr>
<td></td>
<td>• New piped household water connections that are resulting from the project intervention</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Roads rehabilitated, Non-rural</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Report on the current situation of informal settlements and need for urban upgrading in Yemen</td>
<td></td>
</tr>
</tbody>
</table>