Agreement Amending
Project Agreement

(Third Social Fund for Development Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIAL FUND FOR DEVELOPMENT

Dated July 12, 2007
AGREEMENT AMENDING PROJECT AGREEMENT

AGREEMENT, dated July 12, 2007 between the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association) and the SOCIAL FUND FOR DEVELOPMENT (SFD).

WHEREAS (A) the Republic of Yemen (the Borrower) and the Association have entered into a Development Credit Agreement (Third Social Fund for Development Project), dated April 23, 2004, (the Development Credit Agreement), for the purpose of providing support during the execution of the Third Social Fund for Development Project, as described in the preamble of the Development Credit Agreement (the Project);

(B) by the Project Agreement dated April 23, 2004, entered into between the Association and SFD (the Project Agreement), SFD has agreed to carry out the Project;

(C) the Borrower has requested the Association to provide further additional assistance in the support of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to nine million nine hundred thousand Special Drawing Rights (SDR 9,900,000); and

(D) the Association has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in the Agreement Amending the Development Credit Agreement of even date herewith, entered into between the Borrower and the Association (the Amending Agreement), but only on conditions that SFD agrees to undertake such obligations toward the Association as are set forth in this Agreement;

(E) by a Subsidiary Grant Agreement to be entered into between the Borrower and SFD, the proceeds of the Credit provided for under the Amending Agreement will be made available to SFD on the terms and conditions set forth in said Subsidiary Grant Agreement; and

WHEREAS (F) SFD, in consideration of the Association’s entering into the Amending Agreement with the Borrower, has agreed to undertake the obligations set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:
ARTICLE I

Amendments to the Project Agreement

Section 1.01. Paragraph (A) of the Preamble to the Project Agreement is amended to read as follows:

“WHEREAS (A) by the Agreement Amending the Development Credit Agreement of even date herewith between the Republic of Yemen (the Borrower) and the Association, the Association has agreed to make available to the Borrower an amount in various currencies equivalent to fifty-one million six hundred thousand Special Drawing Rights (SDR 51,600,000), on the terms and conditions set forth in the Development Credit Agreement, as amended, but only on conditions that SFD agree to undertake such obligations toward the Association as are set forth in this Agreement;”

Section 1.02. All other provisions of the Development Credit Agreement, including Schedules 2, 3 and 4 shall remain in full force and effect.

ARTICLE II

Effective Date; Termination

Section 2.01. This Agreement shall come into force and effect on the date upon which the Amending Agreement becomes effective.

Section 2.02. (a) This Agreement and all obligations of the Association and of SFD thereunder shall terminate on the earlier of the following two dates:

(i) the date on which the Amending Agreement shall terminate in accordance with its terms; or

(ii) the date twenty (20) years after the date of this Agreement.

(b) If the Amending Agreement terminates in accordance with its terms before the date specified in paragraph (a) (ii) of this Section, the Association shall promptly notify SFD of this event.

Section 2.03. All the provisions of this Agreement shall continue in full force and effect notwithstanding any cancellation or suspension under the General Conditions.
IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

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By / s/ Daniela Gressani  
Regional Vice President  
Middle East and North Africa Region

SOCIAL FUND FOR DEVELOPMENT

By / s/ Abdulhakim Al-Eryan  
Authorized Representative