Dear Mr. Wilson:

1. We are pleased to acknowledge on behalf of the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank") that the United States Agency for International Development (USAID) (the "Donor") will make available as a grant the sum of one million United States Dollars (US$1,000,000.00) (the "Contribution") for MAF Multi-Donor Trust Fund for Yemen (the "Trust Fund") in accordance with the United States Foreign Assistance Act of 1961, as amended, subject to availability of funds and in accordance with the provisions of this Agreement.

2. The Contribution shall be used to finance the activities and the categories of expenditure set forth in the "Description of Activities, Expenditures and Governance Arrangements under the MAF Multi-Donor Trust Fund for Yemen" attached hereto as Annex 1, and shall be administered by the Bank on behalf of the Donor in accordance with the terms of this Agreement including the "Standard Provisions Applicable to the MAF Multi-Donor Trust Fund for Yemen" (the "Standard Provisions") attached hereto as Annex 2.

3. The Donor shall deposit the Contribution promptly following countersignature in the full amount and currency ("Contribution Currency") specified in Section 1 above into such bank account designated by the Bank upon submission of a payment request by the Bank (such deposit being an "Installment").

4. When making such deposit, the Donor shall instruct its bank to include in its payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Donor for TF072002 (MAF Multi-Donor Trust Fund for Yemen), and the date of the deposit (the "Deposit Instruction"). In addition, the Donor shall provide a copy of the Donor's Deposit Instruction to the Bank's Accounting Trust Funds Division by e-mail sent to tfremitadvice@worldbank.org or by fax sent to (202) 614-1315.

5. Except with respect to the Deposit Instructions, any notice, request or other communication to be given or made under this Administration Agreement shall be in writing and delivered by mail, fax or e-mail to the respective Party's address specified below or at such other address as such Party notifies in writing to the other Party from time to time:
For the Bank (the “Bank Contact”):

Ipek Alkan
Senior Country Officer
MNCA3, J-2-061
The World Bank
1818 H Street, NW
Washington, DC 20433
U.S.A.

Tel: 202-458-5106
Fax: 202-477-1603
E-mail: lalkan@worldbank.org

For the Donor (the “Donor Contact”):

Albert Carrera
USAID Agreement Officer
Regional Office of Procurement
United States Agency for International Development
1/A Nady El Etisalat off El-Laselky Street
New Maadi, Cairo, Egypt
Postal Code 11435

Tel: (20-2) 2522-6921
Fax: (20-2) 2516-4739
Email: acarrera@usaid.gov

6. All annexes hereto constitute an integral part of this Administration Agreement, whose terms taken together shall constitute the entire agreement and understanding between the Donor and the Bank. Unless otherwise specified in an annex hereto, this Administration Agreement may be amended only by written amendment between the Bank and the Donor; provided, however, that any annexes to this Administration Agreement may be amended only by written amendment of all donors contributing to the Trust Fund.

7. Please confirm your acceptance with the foregoing, on behalf of the Donor, by signing and dating the two originals, retaining one original for your record and returning the other original to the Bank. Upon receipt by the Bank of the original Agreement, countersigned by you, this Agreement will become effective as of the date of the countersignature.

Sincerely,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION

Hartwig Schafer
Director
Egypt, Yemen and Djibouti Country Department
AGREED:

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

By: ____________________________

Name: ROBERT WILSON

Title: DIRECTOR, USAID/YEMEN

Date: JUNE 3, 2013
Description of Activities, Expenditures and Governance Arrangements under the MAF Multi-Donor Trust Fund for Yemen

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and entities (collectively, the “Donors”) that provide contributions (the aggregate of all contributions from the Donors, the “Contributions”) to be administered by the Bank for the Trust Fund.

A. DESCRIPTION OF ACTIVITIES

The overarching objective of the YMAFTF is to strengthen the capacity of the government to coordinate and monitor commitments made under the six pillars of the MAF and by donors at the Riyadh and New York Meetings.

(i) Bank-Executed Trust Fund Activities:

(a) provision of advisory support to the MAF Coordination Secretariat in order to build and strengthen its capacities and competencies; (b) program management and Trust Fund administration; and (c) supervision of Recipient Executed activities.

(ii) Recipient-Executed Trust Fund Activities:

(a) setting up MAF Coordination Secretariat, equipped with high level professional and administrative staff; (b) provision of office equipment and furniture for the MAF Secretariat; (c) organizing and conducting consultation workshops and study visits on key policy issues; and (d) provision of on-demand technical assistance on various areas of the MAF.

B. CATEGORIES OF EXPENDITURE

For Bank-Executed activities, the Contributions may be used to finance: (a) associated overheads; (b) consultant fees individuals and firms; (c) contractual services; (d) extended term consultants; (e) media, workshops, conferences and meetings; (f) staff costs – with indirect costs; (g) temporary support staff costs; and (h) travel expenses.

For Recipient-Executed activities, the Contributions may be used to finance: (a) consultant services; (b) goods; (c) operating costs; and (d) training.

The foregoing categories of expenditures may include the financing of taxes.
C. GOVERNANCE ARRANGEMENTS

The World Bank will be solely responsible and accountable for the administration of MAF Multi-Donor Trust Fund for Yemen, as well as the supervision of recipient-executed tasks financed under YMAFTF, within the context of its operational policies and guidelines, and as stipulated in the respective Administration and Grant Agreements. A World Bank Task Team Leader (TTL) will oversee implementation of this Trust Fund. In addition, a field-based YMAFTF coordinator will be selected to oversee the broader program requirements, and coordinate and facilitate day-to-day operations of YMAFTF. The YMAFTF coordinator will work in close coordination with the TTL as well as the World Bank Country Manager located in Sana’a. The World Bank policy of full cost recovery for hybrid TFs (both Bank-executed activities and Recipient-executed activities) will apply. As part of the MAF agreement, there will be quarterly meetings in Sana’a at the Head of the Agency level for monitoring of the commitment made. These meetings will be co-chaired by the Government of Yemen (GoY) and the WB, and will provide status update on the progress (Annex- Results Framework) and give opportunity to the representatives of the MG to provide suggestions on adjustments in direction or scope of the YMAF. High level meetings including representatives of the Donors will take place every six months to take forward the discussion on MAF implementation.

D. PROGRAM CRITERIA

The allocation decisions of specific grants and activities will be made based on the needs and priorities identified by the Bank in consultation with Government and which meet the overall objective of implementing and operationalizing the Mutual Accountability Framework (MAF).
ANNEX 2

Standard Provisions Applicable to the MAF Multi-Donor Trust Fund for Yemen

This Annex shall be applicable to and form an integral part of all agreements entered into between the Bank and the Donors that provide Contributions to be administered by the Bank for the Trust Fund.

1. Administration of the Contributions

1.1. The Bank shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Donors, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of the IBRD and IDA under their Articles of Agreement or any applicable law, all of which are expressly reserved.

1.2. The Contribution shall be administered in accordance with the Bank’s applicable policies and procedures, as the same may be amended from time to time, including its framework to prevent and combat fraud and corruption and its screening procedures to prevent the use of Bank resources to finance terrorist activity, in line with the Bank’s obligations to give effect to the relevant decisions of the Security Council, taken under Chapter VII of the of Charter of the United Nations. The Donor acknowledges that this provision does not create any obligations of the Bank under the anti-terrorist financing and asset control laws, regulations, rules and executive orders of an individual member country that may apply to the Donor, nor shall it be deemed a waiver, express or implied, of any of the privileges and immunities of the Bank.

2. Commingling, Exchange and Investment of the Contributions

2.1. The Contributions shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. The Contributions may be commingled with other trust fund assets maintained by the Bank.

2.2. The Contributions may be freely exchanged by the Bank into other currencies as may facilitate their disbursement.

2.3. The Bank shall invest and reinvest the Contributions pending their disbursement in accordance with the Bank’s policies and procedures for the investment of trust funds administered by the Bank. The Bank shall credit all income from such investment to the Trust Fund to be used for the same purposes as the Contributions.
3. **Administrative Cost Recovery**

3.1. In order to assist in the defrayment of the costs of administration and other expenses incurred by the Bank under this Agreement, the Bank may deduct and retain for its own account an amount equal to two percent (2%) of each Contribution. In addition, costs for program management and trust fund administration as defined in Annex 1 up to a maximum of 9.66% will be charged to the Trust Fund on an actual basis. If the contributions increase beyond what was originally expected at the time of counter-signature of the first administration agreement, and the administrative costs increase as a result, the Donors acknowledge that an additional administrative fee may be applied to such new contributions.

4. **Grants to Recipient**

4.1. The Bank shall, as administrator of the Trust Fund on behalf of the Donors, enter into a grant agreement (the “Grant Agreement”) with the “Recipient” selected in accordance with the governance terms of Annex 1 (the “Recipients”) consistent with the purposes of this Agreement and on the terms and conditions set forth in the Grant Agreement. Grant Agreement may be entered into up to the maximum amount of the Contributions that all Donors have agreed to make available under the Administration Agreements between the Bank and the Donors. Upon request by a Donor, the Bank shall furnish a copy of the Grant Agreement to the Donors.

4.2. The Bank shall be responsible for the supervision of the activities financed under the Grant Agreement. Subject to the consent of the Recipient, representatives of the Donors may be invited by the Bank to participate in Bank supervision missions related to the Trust Fund.

4.3. The Bank shall promptly inform the Donors of any significant modification to the terms of any Grant Agreement and of any contractual remedies that are exercised by the Bank under any Grant Agreement. To the extent practicable, the Bank shall afford the Donors the opportunity to exchange views before effecting any such modification or exercising any such remedy.

5. **Procurement**

5.1. For Recipient-executed activities, the Grant Agreement shall provide that the Contributions shall be used by the Recipient to finance expenditures for goods and services, as the case may be, in accordance with the Bank’s Guidelines on “Procurement under IBRD Loans and IDA Credits” and the Bank’s Guidelines on the “Selection and Employment of Consultants by World Bank Borrowers,” as in effect at the date of entry into the respective Grant Agreement.

5.2. For Bank-executed activities, the employment and supervision of any consultants and the procurement of any goods financed by the Contributions shall be the responsibility of the Bank and shall be carried out in accordance with its applicable policies and procedures.

6. **Accounting and Financial Reporting**

6.1. The Bank shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and disbursements made therefrom.
6.2. The Bank shall furnish to the Donors current financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions via the World Bank’s Trust Funds Donor Center secure website. Within six (6) months after all commitments and liabilities under the Trust Fund have been satisfied and the Trust Fund has been closed, the final financial information relating to receipts, disbursements and fund balance in the holding currency of the Trust Fund with respect to the Contributions will be made available to the Donors via the World Bank’s Trust Funds Donor Center secure website.

6.3. The Bank shall provide to the Donors, within six (6) months following the end of each Bank fiscal year, an annual single audit report, comprising (1) a management assertion together with an attestation from the Bank’s external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (2) a combined financial statement for all cash-based trust funds together with the Bank’s external auditor’s opinion thereon. The cost of the single audit shall be borne by the Bank.

6.4. If a Donor wishes to request, on an exceptional basis, a financial statement audit by the Bank’s external auditors of the Trust Fund, the Donor and the Bank shall first consult as to whether such an external audit is necessary. The Bank and the Donor shall agree on the appropriate scope and terms of reference of such audit. Following agreement on the scope and terms of reference, the Bank shall arrange for such external audit. The costs of any such audit, including the internal costs of the Bank with respect to such audit, shall be paid by the requesting Donor.

6.5. The Bank shall provide the Donors with copies of all financial statements and auditors’ reports received by the Bank from the Recipient pursuant to the Grant Agreement.

7. Progress Reporting

7.1. The Bank shall provide the Donors with semi-annual reports on the progress of activities financed by the Contributions. Within six (6) months of the final disbursement date specified in paragraph 8.1, the Bank shall furnish to the Donors a final report on the activities financed by the Trust Fund.

7.2. Any Donor may review or evaluate activities financed by the Trust Fund. The Donor and the Bank shall agree on the scope and conduct of such review or evaluation, and the Bank shall provide all relevant information within the limits of its policies and procedures. All associated costs shall be borne by the Donor. It is understood that any such review or evaluation will not constitute a financial, compliance or other audit of the Trust Fund.

8. Disbursement; Cancellation; Refund

8.1. It is expected that the Contributions will be fully disbursed by the Bank by December 31, 2015. The Bank shall only disburse Contributions for the purposes of this Agreement after such date with the written approval of the Donors.
8.2 Any Donor or the Bank may, upon three (3) months’ prior written notice, cancel all or part of the Donor’s pro rata share, of any remaining balance of the Contributions that is not committed pursuant to any agreements entered into between the Bank and any consultants and/or other third parties for the purposes of this Agreement prior to the receipt of such notice, including the Grant Agreement.

8.3. Following the final disbursement date specified in paragraph 8.1, the Bank shall return any remaining balance of the Contributions to the Donors or to the relevant Donor Balance Account on a pro rata basis based on the Donors’ paid Contributions. In the event of a cancellation the Bank shall promptly return to the relevant Donor or Donors or to the relevant Donor Balance Account the Donor’s pro rata share of uncommitted Contributions in accordance with paragraph 8.2.

9. Disclosure

The Bank will disclose this Arrangement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Arrangement, Donors consent to disclosure of this Arrangement and related information on this Trust Fund.