Financing Agreement

(Yemen Emergency Health and Nutrition Project)

between

WORLD HEALTH ORGANIZATION
(for the benefit of the Republic of Yemen)

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 4, 2017
FINANCING AGREEMENT

AGREEMENT dated February 4, 2017, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") and WORLD HEALTH ORGANIZATION ("Recipient").

WHEREAS: (A) the Recipient and United Nations Children's Fund (UNICEF) have in response to the emergency crisis in the Republic of Yemen, and in view of the ongoing conflict situation within the Republic of Yemen, jointly led a cluster of development partners to develop, and are implementing an engagement plan focusing on the provision of an essential package of services to address the dire needs of the population and to maintain the operational capacity of the existing health system at the national, governorate, district and sub-district levels including community level within the Republic of Yemen;

(B) the Recipient has concluded the Basic Agreement dated November 26, 1984, as amended;

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project, by a letter dated October 27, 2016, the Recipient has requested the Association to assist in the financing of Components 1.2, 1.3, 2.2 and 3 of the Project;

(D) the Association and UNICEF, intend to enter into a financing agreement (UNICEF Financing Agreement) for the purpose of making a grant to UNICEF to assist in financing Components 1.1, 2.1 and 3 of the Project; and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to extend to the Recipient a grant for the benefit of the Republic of Yemen upon the terms and conditions set forth in this Agreement.

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. The Financial Management Framework Agreement ("FMFA") (as defined in the Appendix to this Agreement) constitutes an integral part of this Agreement. Without limitation to the provisions of the FMFA, in respect to Recipient:

(a) all reference in the FMFA to "Letter Agreement(s)" shall be references to this Agreement; and
1.03. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

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 fifty-six million three hundred fifty thousand Special Drawing Rights (SDR 56,350,000) ("Financing"), to assist in financing Components 1.2, 1.3, 2.2 and 3 of the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Components 1.2, 1.3, 2.2 and 3 of the Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that Components 1.2, 1.3, 2.2 and 3 of the Project are carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consists of the following:

(a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the Association confirms that it reasonably believes the actions taken previously in accordance with said Section 9 have not been sufficient to fulfill its fiduciary obligation to ensure that the proceeds of the Financing were used for eligible expenditures; or

(b) if, by notice sent jointly to the Recipient pursuant to sub-paragraph (iii)(a) of paragraph 10 of the FMFA, the Association confirms that alternative financial management arrangements mutually acceptable to the Association and the Recipient were not reached within the period stipulated therein; or
(c) if, the Association determines at any time that a reference in paragraph 1 or paragraph 4 of Section II.B of Schedule 2 to this Agreement to the Recipient's financial regulations and rules is incomplete or inaccurate in any material respect; or

(d) if, the Association for any reason revokes the application of the Alternative Procurement Arrangements set forth in Section III.1 of Schedule 2 to this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition, namely, that the Recipient has prepared, adopted and disclosed in form and substance satisfactory to the Association, the Medical Waste Management Plan.

5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the World Health Organization Regional Director for the Eastern Mediterranean.

6.02. The Recipient's Address is:

World Health Organization
P.O. Box 7608
Nasr City
11381 Cairo,
Egypt

Facsimile:
+20 2 2349 2092

6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Telex: Facsimile:
248423 (MCI) 1-202-477-6391
AGREED at Cairo, Republic of Egypt, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Asad Alam
Authorized Representative

Name: Asad Alam
Title: County Director for Egypt, Women's Affairs

WORLD HEALTH ORGANIZATION

By:

Authorized Representative

Name: Michel Thieren
Title: Regional Emergency Director
SCHEDULE 1

Project Description

The objective of the Project is to contribute to the provision of basic health and essential nutrition services for the benefit of the population of the Republic of Yemen.

The Project consists of the following components:

Component 1. Improving Access to Health, Nutrition, and Public Health Services

1. Strengthening the integration of primary model to provide, in particular:

   (a) strengthening the operations and services of the existing functional facilities and resumption of services in the non-functional primary health facilities (does not include any works for rehabilitation or construction of said primary health facilities), maintenance of the basic preventive and clinical curative health and nutrition services offered at said primary health facilities, through the acquisitions of basic supplies, medical and non-medical equipment, required medicines, and provision of Training, and Operating Costs associated with clinical and administrative management supervision and monitoring.

   (b) strengthening integrated outreach health and nutrition services, and facilitating mobile teams' services in targeted remote areas without functional fixed facilities, including the provision of the following services: (i) maternal and newborn health services; (ii) child nutrition; (iii) integrated management of childhood illness; (iv) mental health services (i.e., psycho-social support); and (v) routine delivery of selected public health programs, through the acquisitions of basic supplies, medical and non-medical equipment, essential medicines, and provision of Training, and Operating Costs associated with clinical and administrative supervision.

   (c) strengthening community based health services, including building a network of community volunteers and midwives, through the acquisitions of basic equipment, medical and non-medical supplies, required medicines, vaccines, provision of training and provision of Training, and Operating Costs associated with the administration of said community based health services.

2. Supporting health and nutrition services at the first level of referral centers, including: (a) management of severe acute malnutrition cases with complications; (b) provision of basic emergency obstetric and neonatal care and comprehensive obstetric and neonatal care services in targeted referral centers, through the
acquisition of equipment, maintenance, medical and non-medical supplies, essential drugs, vaccines, provision of training, and provision of Operating Costs associated administration of said first level referral centers.

3. Sustaining the national health system preparedness and public health programs, including: (a) roll-out of the current electronic disease early warning system; and (b) implementation of an immunization and treatment campaigns, all through the acquisitions of vaccines and drugs, and provision of associated Operating Costs.

Component 2. Project Support, Management, Evaluation and Administration

1. Facilitating Project administration, management, implementation, supervision, monitoring and evaluation, including: (a) UNICEF’s Indirect Cost for general management; and (b) employment of a third-party monitoring, Technical Assistance, and provision of associated Operating Costs.

2. Facilitating Project administration, management, implementation, supervision, monitoring and evaluation, including: (a) Recipient’s Indirect Cost for general management; and (b) employment of third-party monitoring, Technical Assistance, and provision of associated Operating Costs.

Component 3. Contingent Emergency Response

Carrying out a program designed for immediate response in the health sector, to an Eligible Crisis or Emergency.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out Components 1.2, 1.3, 2.2 and 3 of the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, environmental and social standards and practices, and in accordance with the FMFA, the Medical Waste Management Plan, the Project Operational Manual, and the Emergency Response Operational Manual, and shall promptly provide the funds, facilities, services and other resources required for the Project.

B. Anti-Corruption

1. The Recipient shall carry out Components 1.2, 1.3, 2.2 and 3 of the Project subject to the provisions of the General Conditions and the following undertakings:

   (a) In the event that the Recipient or the Association becomes aware of information that indicates the need for further scrutiny of the implementation of Components 1.2, 1.3, 2.2 and 3 of the Project or any expenditures under the proceeds of the Financing allocated to said Components 1.2, 1.3, 2.2 and 3 of the Project (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under Components 1.2, 1.3, 2.2 and 3 of the Project) the Recipient or the Association, as the case may be, shall promptly bring such information to the attention of the appropriate official or officials of the other party, as designated from time to time by each party by written notice to the other party.

   (b) Following consultation between the Recipient and the Association, the Recipient will, to the extent the information relates to actions within the authority or accountability of the Recipient, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information. For greater clarity on this matter, the Recipient and the Association agree and acknowledge that the Recipient has no authority over and accordingly shall have no responsibility to investigate, any government official or officials or consultants of the Association.

   (c) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of the Recipient, the Recipient will take timely and appropriate action in response to the findings of such investigation,
in accordance with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures.

(d) To the extent consistent with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures, it will keep the Association regularly informed by agreed means of actions taken pursuant to Section 1.B.1(d) immediately above, and the results of the implementation of such actions, including where relevant, details of any recovery of funds or writing-off of losses. The Recipient will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Recipient will, in consultation with Association, credit any funds so recovered to the Association or agree with the Association to use these funds for a purpose mutually agreed upon.

2. In the event that the Association reasonably believes that timely and appropriate action has not been taken by the Recipient under Section 1.B.1 above, the Association may request direct consultations at a senior level between the Association and the Recipient in order to obtain assurances that the Recipient's oversight and accountability mechanisms have been and are being fully applied in connection with such allegations. The Recipient and the Association take note of the provisions of Article VIII of the United Nations Financial Regulations and Rules and the Recipient's corresponding relevant provisions in its Financial Regulations and Financial Rules.

3. The Association may, following consultation with the Recipient, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals of the proceeds of the Financing if the Association reasonably believes the actions taken by the Recipient under Section 1.B.1 above have not been sufficient to fulfill its fiduciary obligation with respect to the Financing.

4. The Association has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in Section 1.B.7 below) by any third party, and to sanction any such third party which the Association has determined to have engaged in such practices; provided, however, that in this Section, "third party" does not include the Recipient. To the extent consistent with the Recipient's oversight framework, including its regulations, rules, policies and procedures, and if requested by the Association, the Recipient shall cooperate with the Association in the conduct of such investigations.

5. Without limitation to the provisions of paragraph B.1 of this Section, the Association retains the right to conduct an investigation in connection with the information referred to in paragraph B.1(a) of this Section and any information provided to the Recipient regarding allegations of corrupt, fraudulent, coercive, or collusive practice in connection with the bidding process, the award, or implementation of any contract to be or being financed out of the proceeds of the
Financing, except that the Association may not investigate the Recipient or other UN agency. In all such investigations the Recipient agrees to facilitate such investigations.

6. (a) The Recipient will require any third party commercial entity with which it has a long-term arrangement or to which it intends to issue a purchase order or a contract financed with the proceeds of the Financing to disclose to the Recipient whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group. The Recipient will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts during the Project implementation.

(b) If the Recipient intends to issue a contract in connection with Components 1.2, 1.3, 2.2 and 3 of the Project with a party that has disclosed to the Recipient that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) the Recipient will so inform the Association, before signing such contract; (ii) the Association then may request direct consultations at a senior level, if required, between the Association and the Recipient to discuss the Recipient’s decision; and (iii) if after such consultation, the Recipient elects to proceed with the issuance of the contract, the Association may inform the Recipient by notice, that the proceeds of the Financing may not be used to fund such contract.

(c) Any portion of the proceeds of the Financing received by the Recipient under this Agreement that may have been used to fund a contract in respect of which the World Bank Group has exercised its right under paragraph 6(b)(iii) immediately above, shall be used to defray the amounts requested by the Recipient in any subsequent Withdrawal Application, if any, or will be treated as a balance in favor of the Recipient in the calculation of the final balances prior to the Closing Date.

7. For the purposes of the provisions of this Section 1.B, the following definitions of sanctionable practices shall apply:

(a) "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

(b) "fraudulent practice" is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
(c) "collusive practice" is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; and

(d) "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

C. Project Operational Manual

The Recipient shall ensure that Components 1.2, 1.3 and 2.2 of the Project are carried out in accordance with the arrangements, procedures and guidelines set out in the Project Operational Manual (provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail) and, except as the Association shall otherwise agree, shall not amend, abrogate, waive or fail to enforce any provision of the Project Operational Manual without the prior written agreement of the Association.

D. Environmental Safeguards

The Recipient shall prepare, adopt and disclose, in form and substance satisfactory to the Association, the Medical Waste Management Plan, and ensure that Component 1.2 and 1.3 of the Project is carried out in accordance with said Medical Waste Management Plan.

E. Third Party Monitoring

The Recipient shall, not later than ninety (90) days after the Effective Date, hire the Third Party Monitoring agent(s), to be financed out of the proceeds of the Financing allocated under Category 5(b)(i) set forth in the table under Section IV.A.2 of Schedule 2 to this Agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 (newly re-numbered as Section 4.07) of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report (i.e., a semi-annual interim Project Report providing for a summary of activities covering a period of six calendar months, and a detailed annual Project Report), shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. For purposes of Section 4.08(c) (newly re-numbered as Section 4.07(c)) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

B. Accounts and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, adequate to reflect the transactions related to Components 1.2, 1.3, 2.2 and 3 of the Project, in accordance with its Financial Regulations and Financial Rules (hereinafter referred to as the Financial Regulations).

2. The Recipient shall maintain in a separate account in its records ("Financing Control Account") a complete, true and faithful record of all the advances from the proceeds of the Financing and of all the expenditures paid from such advances.

3. The Recipient shall prepare, on a semi-annual basis, interim unaudited financial reports, in accordance with accounting standards established pursuant to the Financial Regulations and in the format agreed with the Association, adequate to reflect the operations, resources and expenditures related to Components 1.2, 1.3, 2.2 and 3 of the Project. The first said interim unaudited financial reports shall be furnished to the Association no later than forty-five (45) days after the end of the first six months after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Financing through the end of such first six (6) months; thereafter, each interim unaudited financial report shall be furnished to the Association not later than forty-five days after each subsequent six month period, and shall cover such six month period.

4. The Recipient shall ensure that the audit of Components 1.2, 1.3, 2.2 and 3 of the Project is governed by: (i) the Financial Regulations and (ii) the Financial Management Framework Agreement.

5. The Recipient shall retain, until at least one year after the Association has received the final interim unaudited financial report referred to in paragraph 2 of this Section II.B covering the six (6) calendar months in which the last withdrawal was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals of the proceeds of the Financing were made.

Section III. Procurement

1. All goods, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the applicable procurement policies, procedures, regulations and practices of the Recipient, as such procurement policies, procedures, regulations
and practices have been assessed and found to be acceptable by the Association, and the Procurement Plan.

2. If the Association determines that the procurement policies, procedures, regulations, or practices of the Recipient have been modified, suspended, or waived such that they are no longer acceptable to the Association, the Association may, in addition to the Association’s other rights under the Agreement, revoke the procurement provisions set out in paragraph 1 of this Section III.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions (Disbursement Letter) as the Association shall specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<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, non-consulting services and consultants’ services, Training and Operating Costs for Component 1.1 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(2) UNICEF’s Indirect Cost payable under Component 2.1 of the Project (3% of the total Financing)</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services and consultants’ services, Training and Operating</td>
<td>53,550,000</td>
<td>100%</td>
</tr>
<tr>
<td>Costs under Component 1.2 and 1.3 of the Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---</td>
<td></td>
</tr>
<tr>
<td>(4) Recipient's Indirect Cost payable under Component 2.2 of the Project (3% of the total Financing)</td>
<td>1,650,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5)(a)(i) Third Party Monitoring, goods, non-consulting services, and Operating Costs under Components 2.1 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td>(5)(a)(i) Technical Assistance under Component 2.1 of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(5)(b)(i) Third Party Monitoring, goods, non-consulting services, and Operating Costs under Component 2.2 of the Project</td>
<td>550,000</td>
<td></td>
</tr>
<tr>
<td>(5)(b)(ii) Technical Assistance under Component 2.2 of the Project</td>
<td>600,000</td>
<td></td>
</tr>
<tr>
<td>(6) Eligible Crisis or Emergency Expenditures under Component 3 of the Project</td>
<td>0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>56,350,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period

1. (a) Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:

   (i) payments made for expenditures prior to the date of this Agreement, except that withdrawal up to an aggregate amount not to exceed five million Dollars ($5,000,000) may be made prior to this date but on or after October 1, 2016, for Eligible expenditures under Category (1); or

   (ii) the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the Association’s knowledge, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

(b) No withdrawals shall be made under Category (6), unless the following undertaking has been fulfilled, namely, that either the Republic of Yemen, or the Recipient, or any other agency of the United Nations, has declared an emergency, and the Recipient has on that basis made a request to finance activities, which will previously have been agreed with the Association through a manual acceptable to the Association (Emergency Response Operational Manual).

2. All withdrawals shall be made on the basis of the interim unaudited financial reports referred to in Section II.B.3 of this Schedule and under such other terms and conditions as the Bank shall specify by notice to the Recipient contained in the Disbursement Letter addressed or to be addressed by the Association to the Recipient for purposes of the Financing.

3. Without prejudice to the provisions of Section 6.07 (newly re-numbered as Section 6.05) of the General Conditions, in the event that the Association requests a refund of any portion of the proceeds of the Financing that has been used in a manner inconsistent with the provisions of this Agreement, the Association and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.

4. It is understood that the Recipient shall not be responsible for, and shall have no obligation to initiate or continue implementation of, the pertinent activities under components 1.2, 1.3, 2.2 and 3 of the Project unless the proceeds of the Financing allocated to such activities have been made available to the Recipient. Notwithstanding any suspension of the Financing or any portion of the Financing under this Agreement, the Association will make available to the Recipient the portion of the proceeds of the Financing required to meet the obligations entered into by the Recipient prior to the date on which the Recipient shall have received the notice of suspension.
5. The Closing Date is January 31, 2020.
APPENDIX

Section I. Definitions

1. "Alternative Procurement Arrangements" or "APA" means the special procurement arrangements set forth in Section III.1 of Schedule 2 to this Agreement, said APA as introduced under the Association's new Procurement Framework, which came into effect in July 2016.


3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

4. "Eligible Crisis or Emergency" means the occurrence of a natural disaster, crises or an event of emergency within the territory of the Republic of Yemen or regarding which, either the Republic of Yemen, or the international community, or the United Nations has issued an emergency declaration.

5. "Emergency Response Operational Manual" means the manual referred to in Section IV.B.1(b), acceptable to the Association, setting forth an action plan for immediate response in activities under health and nutrition, including an indicative budget, a list of activities, and modalities for implementing such activities to support the Republic of Yemen in an event of an Eligible Crisis or Emergency.


8. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010, with the modifications set forth in Section II of this Appendix.

9. "Medical Waste Management Plan" means the plan, acceptable to the Association, setting forth the guidelines, procedures and measures for improvement of management of health care waste including, and disposal of such health waste as such plan may be amended and/or supplemented from time to time with the prior written agreement of Association.
10. "Operating Costs" means (a) for the purpose of Component 1.2, and 1.3, the incremental operating costs arising under Component 1.2 and 1.3 of the Project on account of vehicle operation for mobile and outreach teams, community-based services, supervision and monitoring costs, rental of warehouses, office space, medical campaigns, water supplies and maintenance of health equipment in the health centers, utilities, communication charges, per diems and in-country transportation or travel allowances, but excluding the salaries of the Republic of Yemen civil service; and (b) for the purpose of Component 2.2, the incremental operating costs arising under Component 2.2 of the Project on account of vehicle operation for supervisors, monitors and related travel costs and per diems.

11. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated November 26, 2016, and referred to in Section III.1 of Schedule 2 to this Agreement, as the same shall be updated from time to time with the concurrence of the Association.

12. “Project Operational Manual” means the manual, satisfactory to the Association, and referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Association.

13. “Technical Assistance” means the cost associated with the Recipient’s advisory services other than consultants’ services on account of planning, management, monitoring, and supervision of activities under Component 1.2, 1.3 and 2.2 of the Project, including charge of direct staff time for the Recipient’s staff assigned from time to time to perform such services under the Project.

14. “Third Party Monitoring” means monitoring activity (including, *inter alia*: periodic site visits; assessment of local context and conditions; interviews; awareness raising; training and preparation of reports) to be carried out by a Third Party Monitoring Agent with the purpose of carrying out satisfactory monitoring and evaluation of the activities under Components 1.2, 1.3 and 2.2 in the areas where the Recipient has limited or no access due to the current conflict situation in the territory of the Republic of Yemen.

15. “Third Party Monitoring Agent” means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management (accounting and audit), procurement, and environmental safeguards aspects of such development projects, said firm or organization to be engaged by the Recipient for carrying out Third Party Monitoring in accordance with relevant terms of reference reviewed and confirmed by the Association.

16. “Training” means the cost associated with training of health providers and personnel, supervisors and managers involved in activities under Component 1.2 and 1.3 of the Project, such term including seminars, and workshops, and
associated travel and subsistence costs for training participants, costs associated
with securing the services of trainers, rental of training facilities, preparation and
reproduction of training materials, and other costs directly related to training
preparation and implementation of the training.

17. "World Bank Group" means the Association, the Bank, the International Finance
Corporation, the International Centre for the Settlement of Investment Disputes,
and the Multilateral Investment Guarantee Agency.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

The modifications to the “International Development Association General
Conditions for Credits and Grants”, dated July 31, 2010, are as follows (all references to
Sections and the Appendix are to Sections of and the Appendix to said General
Conditions):

1. Section 2.06 is deleted in its entirety, and Sections 2.07 and 2.08 are, respectively,
renumbered as Sections 2.06 and 2.07.

2. Sections 3.01, 3.02, 3.03, 3.04, 3.05, 3.06, 3.07, 3.08 and 3.10 are, respectively,
deleted in their entirety, and Section 3.09, is re-numbered as Sections 3.01.

3. Section 4.07 (Plans; Documents; Record) is deleted in its entirety, and Sections
4.08, 4.09, 4.10, 4.11 and 4.12 are, respectively re-numbered as Sections 4.07, 4.08,
4.09, 4.10 and 4.11.

4. The newly re-numbered Section 4.08 (Financial Management, Financial
Statements, Audits) is deleted in its entirety, and the newly renumbered Sections 4.09, 4.10
and 4.11 are, respectively, re-numbered as Sections 4.08, 4.09 and 4.10."

5. In the newly re-numbered Section 4.08 (Cooperation and Consultation), paragraph
(a) is modified as follows:

“(a) from time to time, at the request of either one of them, exchange views on
the Project, the Financing, and the performance of their respective obligations
under the Legal Agreement.”

6. In the newly re-numbered Section 4.09, paragraphs (a) and (b) are, respectively,
modified to read as follows:

“Section 4.08. Visits

“(a) The Recipient shall take all action necessary or useful to ensure
that the Member Country affords all reasonable opportunity for representatives of
the Association to visit any part of their territories for purposes related to the Financing or the Project.”

“(b) The Recipient shall enable the Association’s representatives: (i) to visit any facilities and construction sites included in the Project; and (ii) to examine the goods financed out of the proceeds of the Financing for the Project, and any plants, installations, sites, works, buildings, property, equipment, relevant to performance of its obligations under the Legal Agreement.”

7. Section 5.01 is deleted in its entirety.

8. Section 6.02 is modified as follows:

(a) Paragraph (a) on Payment Failure is replaced with the following: if the Republic of Yemen has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association or the International Bank for Reconstruction and Development (“Bank”): (i) under any agreement between the Republic of Yemen and the Association or the Bank; or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Republic of Yemen.

(b) Paragraph (d) (ii) on Cross Suspension is deleted in its entirety, and paragraph (d)(i) is renumbered as paragraph (d).

(a) Paragraph (h) on Co-financing is deleted in its entirety, and paragraphs (i) through (j) are respectively renumbered as paragraphs (h) through (i).

(b) The newly re-numbered paragraph (i) on Membership is deleted in its entirety, and the newly renumbered paragraphs (j) through (k) are, respectively, renumbered as paragraphs (i) through (j).

(c) The newly renumbered paragraph (i) on Condition of Project Implementing Entity is deleted in its entirety, and the newly renumbered paragraph (j) and (k) are, respectively, renumbered as paragraphs (i) and (j).

(d) The newly re-numbered paragraph (i) on Ineligibility is deleted, and the newly re-numbered paragraph (j) is re-numbered as paragraph (i).

9. Sections 6.05 and 6.06, are, respectively, deleted in their entirety, and Section 6.07 and 6.08 are, respectively, re-numbered as Sections 6.05 and 6.06.

10. the newly re-numbered Section 6.06 is modified as follows:
"6.06. (Effectiveness of Provisions after Cancellation, Suspension or Refund)

Notwithstanding any cancellation, suspension, or refund under this Article, all the provisions of the Legal Agreement shall continue in full force and effect except as specifically provided for in these General Conditions.

11. Sections 7.01, 7.02, 7.03 on Arbitration are, respectively deleted and replaced with the provisions of Section 21 of the FMFA are inserted as the new Section 7.03.

12. Sections 8.01 and 8.02 are deleted in their entirety, and Sections 8.03, 8.04 and 8.05 are, respectively, re-numbered as Sections 8.01, 8.02 and 8.03.

13. In the newly re-numbered Section 8.01, paragraphs (a) and (c) are, respectively, deleted, and paragraph (b) is renumbered as Section 8.05.

14. All references in the General Conditions to “Project Implementing Entity”, and “Project Agreement”, are, respectively, deleted.

15. The Appendix (Definitions) is modified as follows:

(a) The following paragraphs are, respectively, deleted in their entirety: paragraphs 1, 2, 4, 5, 10, 11, 12, 13, 14, 15, 16, 23, 24, 28, 34, 35, 36, 37, 38, 40, 41, 42, 43, 48, 49, 53, 54, 55 and 58, and the following paragraphs 3, 6, 7, 8, 9, 17, 18, 19, 20, 21, 22, 25, 26, 27, 29, 30, 31, 32, 33, 39, 44, 45, 46, 47, 50, 51, 52, 56, 57, 59, and 60, are, respectively, re-numbered as paragraph 1 through paragraph 31.

(b) The newly re-numbered paragraph 15 is modified to read as follows:

“15. “Foreign Expenditure” means an expenditure in the Currency of any country other than the Member Country for goods, non-consulting services or services supplied from the territory of any country other than the Member Country.”

(c) The newly re-numbered paragraph 19 is modified to read as follows:

“19. “Local Expenditure” means an expenditure: (a) in the Currency of the Member Country; or (b) for goods, non-consulting services or services supplied from the territory of the Member Country; provided, however, that if the Currency of the Member Country is also that of another country from the territory of which goods, non-consulting services, or services are supplied, an expenditure in such Currency for such goods, non-consulting services or services shall be deemed to be a Foreign Expenditure.”
(d) A new paragraph 20 with the definition of Member Country is added to read as follows, and the subsequent re-numbered paragraphs are re-numbered accordingly:

"20. "Member Country” means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions.”

(c) The newly renumbered paragraph 25 is modified to read as follows:

"25. “Recipient” means the party to the Financing Agreement to which the Financing is extended.”