Financing Agreement

(Second Additional Financing for Emergency Health and Nutrition Project)

between

UNITED NATIONS CHILDREN’S FUND
(for the benefit of the Republic of Yemen)

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
GRANT NUMBER D232-RY

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date, entered into between UNITED NATIONS CHILDREN'S FUND ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association"), for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

WHEREAS: (A) the Recipient and World Health Organization ("WHO") are jointly implementing the original project ("Original Project") as Recipients of the respective grants made by the Association to finance the Original Project, have in response to the immediate emergency arising as a result of cholera outbreak in the Republic of Yemen ("Emergency"), and in view of the ongoing conflict situation within the Republic of Yemen, requested additional assistance from the Association to finance specific costs associated with the Emergency;

(B) pursuant to the Basic Cooperation Agreement between the Recipient and the Republic of Yemen dated January 12, 1994, the Recipient and the Republic of Yemen agreed to cooperate in the program areas for the benefit of children and women within the territory of the Republic of Yemen consistent with the relevant resolutions, decisions, regulations and rules and policies of the competent organs of the United Nations, including the Executive Board of the Recipient;

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project, by a letter dated July 26, 2017, the Recipient requested the Association to assist in financing Components 1.1, 1.4(a)(i), 1.4(b), 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) apply to and form 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 the Recipient:

(a) all references in the FMFA to "Letter Agreement(s)" shall be references to this Agreement;
(b) all references to “Trust Fund Grant(s)” shall be references to the Financing referred to in Section 2.01 of this Agreement;

(c) all references to “the UN” and to a “UN Organization”, including in particular reference in Section 7 of the FMFA, shall be references to “the United Nations Children’s Fund”;

(d) all references to “the UN Controller” shall be references to the “UNICEF Comptroller”;

(e) all references to the “UN Financial Regulations” shall be references to the “UNICEF Financial Regulations and Rules”; and

(f) all references to the “Parties” in Section 11 of the FMFA shall be a reference to the “Association” and the “United Nations Children’s Fund” or, alternatively, to the “Association” on the one hand and the “United Nations Secretariat”; and all “UN Organisations” (as that term is defined in the FMFA) on the other, if a satisfactory consolidated review mechanism is established.

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, a grant, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to ninety-three million five hundred thousand Special Drawing Rights (SDR 93,500,000) (“Financing”), to assist in financing of Components 1.1, 1.4(a)(i), 1.4(b), 2.1 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. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Comptroller of the United Nations Children’s Fund.

**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 1.1, 1.4(a)(i), 1.4(b), 2.1 and 3 of the Project in accordance with the provisions of Article V of the General Conditions, the FMFA and Schedule 2 to this Agreement.
ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist 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 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 either 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

5.01. This Agreement shall become effective as of the Date of Signature.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient’s Representative is the Country Representative for Yemen.

6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient’s address is:

UNICEF, the United Nations Children’s Fund
P.O. Box 725
Sana’a, Republic of Yemen

(Attention: The Country Representative)

and
With a copy to:

UNICEF, the United Nations Children’s Fund
UNICEF House
Three United Nations Plaza
New York, New York 10017

(Attention: The Comptroller)

(b) the Recipient’s Electronic Address is:

Facsimile:  Telephone:  Email:
+967 1 206 092  +967 1 211.400/  sanaa@
            401/402/403  unicef.org

(Attention: The Country Representative)

Facsimile:
+1 (212) 326-7004

(Attention: The Comptroller)

6.03. For purposes of Section 11.01 of the General Conditions, (a) The Association’s Address is:

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

(b) the Association’s Electronic Address is:

Telex:  Facsimile:
248423 (MCI)  1-202-477-6391
AGREED as of the Signature Date.

UNITED NATIONS CHILDREN'S FUND

By:

Sanjay Wijesekera
Director a.i, Public Partnerships Division

Date: 7 SEP 2017

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Poonam

Asad Alam
Country Director for Yemen
Middle East and North Africa Region

Date: September 6, 2017
SCHEDULE 1

Project Description

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

The Project consists of the Original Project and the following additional activities:

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

1. Carrying out:
   
   (a) response and control measures, including, strengthening cholera treatment centers and oral hydration points in the cholera affected districts to support patient care, case management and control of the cholera outbreak.

   (b) Prevention measures, including: (i) provision of operational support at community level for outreach community vaccination campaigns; (ii) conducting a nationwide, mass and household social mobilization activities; and (iii) protection of urban and rural water resource.

2. Carrying out response and control measures, including: (i) strengthening cholera treatment centers and oral hydration points in the cholera affected districts that are not covered under Component 1.1(a) of the Project.

3. Carrying out prevention measures, including: (a) conducting nationwide campaigns of oral cholera vaccines in the high risk districts during low transmission seasons; (b) system strengthening and resilience measure, *inter alia*, strengthening the epidemiology and diagnostic laboratory capacity of the local institutions and resilience activities, in particular the reference labs at governorate levels and integrating the electronic disease early warning system; and (c) enhancing the preparedness of the public health system to respond to outbreaks.

4. Improving access to water and sanitation services and strengthening local systems, *inter alia*:

   (a) Improving access to safe water and sanitation at households, schools, public markets, and other communal gatherings, in particular:

   (i) Carrying out immediate response to the Emergency to minimize the attack rate and prevent the further spread of cholera, including: (A) bulk chlorination of water source, piped network and private water trucks; (B) distribution of consumable hygiene kits, chlorine
tablets, jerry cans, cleaning, disinfection materials and storage; and (C) rehabilitation of water and sanitation systems.

(ii) Promoting hygiene, health change, and associated water and sanitation services activities in the cholera treatment centers and oral rehydration points, which are managed by WHO in the cholera affected districts.

(b) Strengthening systems and institutions to build resilience, and carry out required interventions to provide sustainable access to water and sanitation services, and to encourage prevention of cholera outbreaks, and preparedness in events of future cholera outbreaks, including, the carrying out of:

(i) rehabilitation of major and critical water and sewerage infrastructure networks and wastewater treatments plans and tankers filing stations in urban areas and related water supply systems in rural areas, operation and maintenance of water systems and treatment plants, and rehabilitation of public and private laboratories;

(ii) building the capacity of the relevant water institutions’ staff, and piloting innovative techniques such as those that are energy-saving for remote and mountainous areas where pumping costs are prohibitive to water and sewerage services system;

(iii) enhancing water security, including taking measures, relevant measures to protect water resources in rural and urban areas, such as demarcation of well-fields and their catchment areas and protection and monitoring of critical urban and rural water sources, and strengthening partnerships with the private sector; and

(iv) improving local capacity at the institutional, community and household levels water safety planning at the community and household level, including water safety planning, water quality testing and monitoring, and building the capacity of, and provision of training to water user associations to address public health outbreaks.

Component 2  Project Management Support, Evaluation and Monitoring

1. Facilitating Project implementation, administration, management and monitoring and evaluation, including: (a) Recipient’s direct cost, including staffing and operating expenses; (b) Recipient’s indirect cost and general management;
(c) provision of consultancy services required for technical assistance, implementation support and Recipient’s Third Party Monitoring.

2. Facilitating Project implementation, administration, management and monitoring and evaluation, including: (a) WHO’s direct cost, including staffing and operating expenses; (b) WHO’s indirect cost and general management; (c) provision of consultancy services required for technical assistance, implementation support and WHO’s Third Party Monitoring.

**Component 3. Contingent Emergency Response**

Carrying out a program designed for immediate response in the health sector, to an Eligible Crisis or Emergency.
Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out Components 1.1, 1.4(a)(i), 1.4(b), 2.1 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, and the Project 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 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 1.1, 1.4(a)(i), 1.4(b), 2.1 and 3 of the Project or any expenditures under the proceeds of the Financing (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under Components 1.1, 1.4(a)(i), 1.4(b), 2.1 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 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 I.B.1(c) 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 the 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 I.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 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 I.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 I.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 1.1, 1.4(a)(i), 1.4(b), 2.1 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 I.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 1.1, 1.4(a)(i), 1.4(b), 2.1 and 3 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, the Recipient 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. Third Party Monitoring

1. The Recipient shall hire Third Party Monitoring Agent(s) to be financed out of the proceeds of the Financing as set forth in the table under Section IV.A.2 of Schedule 2 to this Agreement.

E. Environmental and Social Safeguards

1. The Recipient shall, within ninety (90) days from the Effective Date:

   (a) prepare, in accordance with terms of reference acceptable to the Association, an Environmental and Social Management Framework ("ESMF"); and

   (b) adopt such ESMF as shall have been approved by the Association and publish the ESMF in a manner acceptable to the Association.

2. The Recipient shall carry out Components 1.1 and 1.4(a)(i) and 1.4(b) of the Project in accordance with the ESMF and the Medical Waste Management Plan (MWMP), and the guidelines, rules and procedures defined in said ESMF and MWMP, respectively.

3. The Recipient shall specifically, take the following actions in a manner acceptable to the Association if an environmental assessment, an environmental management plan or similar safeguard instrument would be required on the basis of the ESMF:
such environmental assessment, environmental management plan or similar safeguard instrument shall be prepared in accordance with the requirements of the ESMF, furnished to the Association for approval, and then disclosed; and

(b) if applicable, any repairs, rehabilitation, installation, well deepening or related activity shall be carried out in accordance with such environmental assessment, environmental management plan or similar safeguard instrument as approved by the Association.

4. The Recipient shall ensure that all measures required for carrying out any environmental assessment, environmental management plan, or similar safeguard instrument are taken in a timely manner.

5. The Recipient shall include in the Project Reports referred to in Section II.A. of this Schedule adequate information on the implementation of the ESMF, MWMP, any environmental assessment, environmental management plan or similar safeguard instrument, giving details of:

(a) measures taken in furtherance of the ESMF, MWMP and, any environmental assessment, environmental management plan, or similar safeguard instrument;

(b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, MWMP, or any environmental assessment, environmental management plan or similar safeguard instrument; 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 ESMF, MWMP, any environmental assessment, environmental management plan or similar safeguard instrument.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall furnish 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), not later than forty-five days after the end of each six calendar months, covering the six calendar months.
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 1.1 and 1.4(a)(i) and 1.4(b) 2.1 and 3 of the Project, in accordance with the requirements of the document United Nations Children's Fund Financial Regulations and Rules, E/ICEF/2011/AB/L.8 (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 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 (45) days after each subsequent six month period, and shall cover such six month period.

4. The Recipient shall ensure that the audit of Components 1.1, 1.4(a)(i), 1.4(b) 2.1 and 3 of the Project is governed by: (i) Article XIV of 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 3 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 Components 1.1, 1.4(a)(i), 1.4(b) 2.1 and 3 of 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

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each category of the following table:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, non-consulting services, consultants’ services, Training and Operating Costs for Components 1.1, 1.4(a)(i) and 1.4(b) of the Project</td>
<td>89,270,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Recipient Indirect Cost payable under Component 2.1 of the Project (3% of the total Financing)</td>
<td>2,720,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Goods, non-consulting services, consultants’ services, Training and Operating Costs under Components 1.2, 1.3 and 1.4(a)(ii) of the Project</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>(4) WHO’s Indirect Cost under Component 2.2 of the Project (3% of the total Financing)</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
(5) (a) (i) Recipient’s Direct Cost under Component 2.1 of the Project

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recipient’s Third Party Monitoring, goods, non-consulting services, and Operating Costs under Component 2.1 of the Project</td>
<td>360,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

(ii) Recipient’s Third Party Monitoring, goods, non-consulting services, and Operating Costs under Component 2.1 of the Project

(5) (b) (i) WHO’s Direct Cost under Component 2.2 of the Project

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHO’s Third Party Monitoring, goods, non-consulting services, and Operating Costs under Component 2.2 of the Project</td>
<td>0</td>
</tr>
</tbody>
</table>

(ii) WHO’s Third Party Monitoring, goods, non-consulting services, and Operating Costs under Component 2.2 of the Project

(6) Eligible Crisis or Emergency Expenditures under Component 3 of the Project

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Crisis or Emergency Expenditures under Component 3 of the Project</td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL** 93,500,000

2. Notwithstanding the provisions of paragraph 1 above, no withdrawal shall be made for:

(a) payments made for expenditures prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed SDR 28,750,000, may be made for payments made prior to this date but on or after April 1, 2017, for Eligible Expenditures under Category (1); or

(b) 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.
(c) No withdrawals shall be made under Category (6), unless the following undertaking has been fulfilled, namely, that either the Republic of Yemen, or 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).

3. 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 Association shall specify by notice to the Recipient contained in the Disbursement and Financial Information Letter addressed or to be addressed by the Association to the Recipient for purposes of the Financing.

4. Without prejudice to the provisions of Section 8.07 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.

5. 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 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.

6. The Closing Date is June 30, 2020.
APPENDIX

Section I. Definitions

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

2. “Anti-Corruption Guidelines” means for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

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

4. “Direct Costs” means the actual cost of the Recipient that can be directly traced to the deliverables and technical output under Components 1.1, 1.4(a)(i), 1.4(b) and 3 of the Project, excluding Operating Costs.

5. “Emergency” means the occurrence of an event of emergency within the territory of the Republic of Yemen as a result of cholera outbreak, for which the following notification has been issued: http://www.who.int/emerzencies/yemen/en/.

6. “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.

7. “Emergency Response Operational Manual” means the manual referred to in Section IV.2(c), 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. “Environmental and Social Management Framework” or “ESMF” means the framework to be prepared pursuant to Section I.E.1 of Schedule 2 to this Agreement, setting out mitigation, monitoring, and institutional measures that have been identified by the Recipient to eliminate any adverse environmental and social impacts of Project activities, offset them, or reduce them to acceptable levels, or enhance positive impacts, as the same may be modified from time to time with the prior written concurrence of the Association, and such term includes any schedules or annexes to said ESMF.


12. “Operating Costs” means (a) for the purpose of Components 1.1, 1.4(a)(i) and 1.4(b) the incremental operating costs arising under Components 1.1, 1.4(a)(i) and 1.4(b) 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 sanitation and hygiene campaigns, water supplies and maintenance of health equipment in the health centers, maintenance of water and sanitation facilities, fuel required for running health and water facilities under the Project, 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 2.1, the incremental operating costs arising under Component 2.1 of the Project on account of vehicle operation for supervisors, monitors and related travel costs and per diems.

13. “Medical Waste Management Plan” or “MWMP” means the plan, acceptable to the Association, dated January 19, 2017, and disclosed by the Association on January 25, 2017, and by the Recipient on January 2017, said plan 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.


15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated July 28, 2017, as the same shall be updated from time to time with the concurrence of the Association.
16. "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.

17. "Third Party Monitoring" means monitoring activity of the Recipient (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 of the Project 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.

18. "Third Party Monitoring Agent" means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management, procurement, and environmental safeguards aspects of such development projects, said firm or organization to be engaged by the Recipient for carrying out of Third Party Monitoring in accordance with relevant terms of reference developed in consultation with the Association.

19. "Training" means the cost associated with training of health providers and personnel, supervisors and managers involved in activities under Components 1.1, 1.4(a)(i) and 1.4(b) 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.

20. "Signature Date" means the latest of the two dates on which the Recipient and the Association signed this Agreement and such definition applied to all references to "the date of the Financing Agreement" in the General Conditions.

21. "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:

1. Section 2.06 (Financing Taxes) is deleted in its entirety, and the remaining sections in Article II are renumbered accordingly.

2. The following sections in Article III are deleted in their entirety: Sections 3.02 (Commitment Charge), 3.14 (Place of Payment), 3.15 (Currency of Payment), 3.16
(Amount of Payment), 3.18 (Manner of Payment), and 3.19 (Temporary currency Substitution), and the remaining sections are renumbered accordingly.

3. Section 5.07 (Plans; Documents; Records), Section 5.09 (Financial Management, financial Statements, Audits), Section 5.13 (Procurement) and Section 5.14 (Anti-Corruption) are, respectively, deleted in their entirety, and the remaining sections in Article V are renumbered accordingly.

4. In Section 5.10 (renumbered as Section 5.08) (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;”

5. In Section 5.11 (renumbered as Section 5.09) (Visits), paragraphs (a) and (b) are, respectively, modified to reads as follows:

“(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.”

6. Section 6.01 is deleted in its entirety.

7. Sections 8.02 (a) (Payment Failure) 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.”

8. Sections 8.02(h) (Co-financing) is deleted in its entirety and the remaining sections in Section 8.02 under Article VIII are renumbered accordingly.
9. Sections 9.01 (Enforceability), 9.02 (Failure to Exercise Rights), and 9.03 (Arbitration) under Article IX are, respectively, deleted and replaced with the provisions of Section 21 of the FMFA.

10. Paragraphs 5, 17, 55, 78, 87 and 109 of the Appendix (Definitions) are, respectively, deleted in their entirety and the remaining paragraphs in the Definitions are renumbered accordingly.

11. Paragraph 79 (now renumbered as paragraph 75) in the Appendix (Definitions) is modified as follows:

"79. "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."