H. E. Dr. Mohammed Saed Al-Sadi  
Minister for Planning and International Cooperation  
Ministry of Planning and International Cooperation  
Sana’a, Republic of Yemen.

Re: YMAF Grant for Support to the Executive Bureau for Acceleration of  
Aid Absorption and Implementation of the Mutual Accountability  
Framework (SEBAA) Project – Grant Number: TF015069

Excellency:

I am writing on behalf of the International Development Association (the Association) to  
indicate the IDA’s agreement, as administrator of grant funds provided by various donors under the  
Technical Assistance and Capacity Building for Mutual Accountability Framework (MAF) Multi-  
Donor Trust Fund for Yemen (YMAFTF) (TF No.TF072002), to make a grant in an amount not  
exceeding five hundred thousand United States Dollars (US$ 500,000) (the Grant) to the Republic  
of Yemen (the Recipient).

The Grant is made in response to the Recipient’s request for financial assistance and for the  
purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The  
Recipient hereby confirms its request that the Bank carry out the activities described in paragraph 1  
of the Annex to this Letter Agreement, and represents that it is authorized to contract the Grant for  
the said purposes and on the said terms and conditions.

Please note that it is the Bank’s policy to make publicly available this Letter Agreement  
and any information related thereto, after this Letter Agreement has become effective and the  
Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter  
Agreement, confirms its consent to such disclosure.
Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Hartwig Schafer
Director
Yemen, Egypt and Djibouti Country Department

AGREED:
REPUBLIC OF YEMEN

By ____________________________
Name Dr. Mohammed S. Al-Sadi
Title Minister of Planning & Intl. Coop
Date 28.7.2013
ANNEX

Purposes, Terms and Conditions of the Grant

1. The purpose of the Grant is to support government capacity to: (a) implement policy reforms committed to in the Mutual Accountability Framework (MAF); and (b) plan and implement the acceleration of aid absorption. The activities (the Activities) for which the Grant is given are as follows:

   **Executive Bureau Start-up Activities.** Provision of technical assistance to support the start-up of the Executive Bureau (EB) of the MAF. The start-up activities will be undertaken during period of up to six months and it includes:

   a) Providing assistance for the preparation of an Operations Manual approved by the Executive Bureau and acceptable to the World Bank.

   b) Providing assistance for the development of a financial management system approved by the Executive Bureau and acceptable to the World Bank.

   c) Providing assistance for the preparation of a procurement plan approved by the Executive Bureau and acceptable to the World Bank for the first six months following the start-up period.

   d) Providing assistance for basic furnishing and equipping of EB premises.

   e) Providing assistance in the preparation of a preliminary work plan, hiring of staff, preparing reports, and other associated activities with the interim administration of the EB.

2. The Grant shall be used to finance associated overheads, consultant fees, contractual services, equipment cost lease, equipment cost purchase, extended term consultants, media & workshop costs, temporary staff cost and travel expenses.

3. The Bank shall carry out the Activities on behalf of the Recipient. The Recipient shall cooperate with the Bank to the extent necessary to permit the Bank to carry out the Activities promptly and effectively, and to evaluate the results of the Activities. The Recipient shall indemnify the Bank against any costs or liabilities incurred by the Bank as a result of claims against the Bank in connection with the Activities, except those resulting from the gross negligence or willful misconduct of its staff or external consultants.

4. The Bank shall carry out the Activities pursuant to this Letter Agreement only to the extent that the Grant funds required for such Activities are available to the Bank from YMAF Multi-Donor Trust Fund.

5. The Activities shall be completed by not later than March 31, 2014, or such later date as the Bank may establish by notice to the Recipient (the Closing Date). After the Closing Date, the Bank may at any time cancel the remaining balance of the Grant.

6. The engagement and supervision of the consultants (the Consultants) required to assist in the carrying out of the Activities shall be the responsibility solely of the Bank and shall be done according to the Bank's applicable procedures.

7. The Recipient may at any time request the Bank in writing to terminate the Activities. Whether or not the Recipient has made such a request, the Bank may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Activities if any of the following events has occurred and is continuing: (a) the Recipient has failed to perform any of its obligations under this Letter Agreement; or (b) the right of the Recipient, or
any other entity to which the Bank has made a loan with the guarantee of the Recipient, to make withdrawals under any loan agreement with the Bank or any development credit, grant or financing agreement with the International Development Association has been suspended. The Bank may also terminate the right of the Recipient to receive Grant funds if: (a) the Bank has decided, at any time after consultation with the Recipient, to withdraw its support to the Project; or (b) the Recipient has withdrawn its request for the Bank’s assistance in the financing of the Project.

8. The Bank is not an agent of, or trustee for, the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by the Bank pursuant to this Letter Agreement.