Project Agreement

(Social Welfare Fund Institutional Support Project)

between

INTERNATIONAL DEVELOPMENT ASSOCIATION

and

SOCIAL WELFARE FUND

Dated June 28, 2010
Agreement dated June 28, 2010, entered into between INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) and SOCIAL WELFARE FUND (“Project Implementing Entity”) ("Project Agreement") in connection with the Financing Agreement (“Financing Agreement”) of same date between the REPUBLIC OF YEMEN (“Recipient) and the Association. The Association and the Project Implementing Entity hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Financing Agreement or the General Conditions.

ARTICLE II — PROJECT

2.01. The Project Implementing Entity declares its commitment to the objectives of the Project. To this end, the Project Implementing Entity shall carry out the Project in accordance with the provisions of Article IV of the General Conditions, and shall provide promptly as needed, the funds, facilities, services and other resources required for the Project.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Association and the Project Implementing Entity shall otherwise agree, the Project Implementing Entity shall carry out the Project in accordance with the provisions of the Schedule to this Agreement.

ARTICLE III — TERMINATION

3.01. For purposes of Section 8.05 (c) of the General Conditions, the date on which the provisions of this Agreement shall terminate is twenty (20) years after the date of this Agreement.

ARTICLE IV — REPRESENTATIVE; ADDRESSES

4.01. The Project Implementing Entity’s Representative is the Chairman of the Social Welfare Fund.

4.02. The Association’s Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America
4.03. The Project Implementing Entity’s Address is:

Social Welfare Fund
P.O. Box 4898
Sana’a
Republic of Yemen

Facsimile:
967.1.544015

AGREED at the District of Columbia, United States of America, as of the day and year first above written.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Shamshad Akhtar
Authorized Representative

SOCIAL WELFARE FUND

By /s/ Abdulwahab Abdullah Al-Hajri
Authorized Representative
SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Project Implementing Entity shall carry out the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Operational Manual and the Financial Management Manual and shall not assign, amend, abrogate or waive any provisions of the Operational Manual or the Financial Management Manual without prior approval of the Association.

2. The PST shall have provide technical and fiduciary support to the Project Implementing Entity in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the Operational Manual and the Financial Management Manual.

3. Not later than two (2) months after Effectiveness, the Project Implementing Entity shall appoint a procurement advisor to the PST, on terms and conditions satisfactory to the Association.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Project Implementing Entity shall enter into a subsidiary grant agreement with the Recipient (“Subsidiary Grant Agreement”) pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under terms and conditions approved by the Association.

2. The Project Implementing Entity shall exercise its rights under the Subsidiary Grant Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Grant Agreement or any of its provisions.

C. Anti-Corruption

The Project Implementing Entity shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Project Implementing Entity shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators agreed with the Association. Each such Project Report shall cover the period of one calendar semester, and shall be furnished to the Bank not later than forty five (45) days after the end of the period covered by such report.

2. On or about April 15, 2013, the Project Implementing Entity shall carry out jointly with the Association, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review). The Midterm Review shall cover, amongst other things:

   (a) progress made in meeting the Project’s objective; and

   (b) overall Project performance against Project performance indicators.

3. The Project Implementing Entity shall prepare at least four (4) weeks prior to the Midterm Review, and furnish to the Association, a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.

B. Financial Management, Financial Reports and Audits

1. The Project Implementing Entity shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations and financial condition of the Project Implementing Entity, including the operations, resources and expenditures related to the Project.

2. The Project Implementing Entity shall have its Financial Statements and the Financial Statements for the Project referred to above audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association. Each audit of these financial statements shall cover the period of one fiscal year of the Project Implementing Entity. The audited financial statements for each period shall be furnished to the Association not later than six (6) months after the end of the period.

Section III. Procurement

All goods and services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of Schedule 2 to the Financing Agreement.