June 27, 2013

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: Yemen MDTF Grant Agreement for Household Budget Survey 2013-14 – Grant Number: TF014367

Excellency:

In response to the request for financial assistance made on behalf of Republic of Yemen ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by the Government of the United Kingdom of Great Britain and Northern Ireland and the Minister for Foreign Affairs of the Kingdom of the Netherlands ("Donors") under the Multi-Donor Trust Fund for Household Budget Survey 2013-14 Trust Fund, proposes to extend to the Recipient a grant in an amount not to exceed two million one hundred sixty three thousand and one hundred and seventeen United States Dollars (US$ 2,163,117.00) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within 90 days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.
Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By Hartwig Schafer
Director
Egypt, Yemen and Djibouti Country Department

AGREED:
REPUBLIC OF YEMEN

By Authorized Representative

Name Dr. Mohammed Saud Al-Sadi
Title Minister of Planning & International Cooperation
Date 9/7/2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 13, 2012 ("Standard Conditions").

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

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to fill the knowledge gap in Yemen on social and economic indicators and poverty by developing and implementing the next round of the Household Budget Survey (HBS), through support for the Central Statistical Organization (CSO) in survey design, sampling, enumeration, and data entry and processing. The Project consists of the following parts:

(i) preparing a sampling plan, representative at the national and sub-national levels;

(ii) revising and finalizing the household and community questionnaires;

(iii) piloting to test the questionnaire;

(iv) hiring and training the field supervisors and enumerators;

(v) undertaking a listing operation (census of households in selected primary sampling units);

(vi) planning, implementing and supervising the field work;

(vii) developing data entry program for the survey and arranging for data cleaning and entry; and

(viii) producing datasets and final documentation including a statistical abstract of the data.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through Central Statistical Organization in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Institutional and Other Arrangements.** (a) The Recipient shall carry out the project through CSO with qualified staff in adequate numbers, including Procurement and Financial Management staff, all with qualifications and experience and terms of reference satisfactory to the World Bank.
(b) The Recipient shall install an automated accounting system and prepare a Financial Management Manual detailing Financial Management arrangements and internal controls, with references to the relevant World Bank and local regulations.

(c) The Recipient shall hire a Procurement Specialist having knowledge of public procurement and familiar with Bank Guidelines, on terms and conditions satisfactory to the World Bank.

(d) The Recipient shall provide public access to, and allow the use of, data and documentation from surveys supported by this Grant, upon receipt of a written application. Such data and documentation shall include, at a minimum: (i) the questionnaire; (ii) a description of the sample design; (iii) a description of the basic field procedures and quality control techniques; (iv) guidelines for use of the data, including information describing links between parts of the survey, codes for any items not pre-coded in the questionnaire, and problems encountered in the data together with the solutions taken; (v) documentation of constructed data sets that will be available in the public use files, such as price indices, and aggregates of household consumption or income; (vi) descriptions of the files, including contents and names of the data files mapped to the corresponding sections in the questionnaire and the system of variable names and labels; and (vii) data entry manuals.

(e) The Recipient shall provide the World Bank with computer readable copies of the unit record upon completion of: (i) data entry; and (ii) data cleaning process.

(f) The Recipient shall provide the World Bank with constructed aggregate data for distribution in the public use files as soon as such data is available.

(g) The Recipient shall make data from all surveys supported by this Grant publicly available in accordance with the following conditions: (i) such data shall be made available for public use not later than twelve (12) months after the completion of field work; (ii) requests for data sets and documentation shall be processed by the Recipient within four (4) weeks of receipt of such request; (iii) before it is made available for public use, such data shall be treated to remove the names and other personal or contact information of survey respondents to ensure the confidentiality of the respondents; (iv) such data sets shall be made available in ASCII, EXCEL or STATA formats; and (v) the release of such data shall be conditional upon the agreement of the requestor to: (A) give specific recognition to the contribution made by the Recipient in conducting the surveys and collecting such data; and (B) provision to the Recipient of a copy of any report/analysis produced using the data.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors' support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donors to visit any part of the Recipient's territory for purposes related to the Project.
2.05.  **Project Monitoring, Reporting and Evaluation.**  (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

(i) High quality data on household income, expenditure and living standards produced.

(ii) HBS data sets and tabulation reports made publicly available.

(iii) Client capacity in survey design, implementation and in monitoring and evaluation increased.

(c) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06.  **Financial Management.**  (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07.  **Procurement**

(a) General. All goods and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section 1 of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;
(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in [Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods

(i) Except as otherwise provided in sub-paragraph (ii) below, goods shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods for those contracts which are specified in the Procurement Plan: (A) Limited International Bidding; (B) Shopping; and (C) National Competitive Bidding. The procedures to be followed for National Competitive Bidding under this paragraph shall be those set forth in Law No. 23 for 2007, concerning Government Tenders, Auctions and Stores, and its Regulations, subject to the following additional procedures:

1. a Recipient-owned enterprise in the Republic of Yemen shall be eligible to bid only if it can establish that it is legally and financially autonomous, operates under commercial law, and is not a dependent agency of the Recipient;

2. bidding (or pre-qualification, if required) shall not be restricted to any particular class of contractors or suppliers, and non-registered contractors and suppliers shall also be eligible to participate;

3. tenders shall be advertised for at least two (2) consecutive days in two (2) local newspapers of wide circulation;

4. prospective bidders shall be allowed a minimum of thirty (30) days for the preparation and submission of bids, such thirty (30) days to begin with the availability of the bidding documents or the advertisement, whichever is later;

5. until national standard bidding documents acceptable to the Association are available, bidding documents approved by the Association shall be used, and may be prepared in Arabic;

6. registration shall not be used to assess bidders’ qualifications; qualification criteria (in case pre-qualification was not carried out) and the method of evaluating the qualification of each bidder shall be stated in the bidding documents, and before contract award the
bidder having submitted the lowest evaluated responsive bid shall be subject to post-qualification;

(7) a foreign bidder shall not be required to register or to appoint an agent as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity to register, without let or hindrance; the registration process shall not be applicable to sub-contractors;

(8) all bids shall be submitted in sealed envelopes and may be submitted, at the bidder’s option, in person or by courier service;

(9) all bids shall be opened at the same time in a public bid opening which bidders shall be allowed to attend and which shall follow immediately after the deadline for submission of bids;

(10) evaluation of bids shall be carried out in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated responsive bidder, without resorting to the rejection of bids above or below a certain percentage of the pre-bid estimate (bid price bracketing);

(11) no bidder shall be requested or permitted to modify its bid after the bid closing date shall have elapsed and bids submitted after the deadline for submission of bids shall be returned to the bidder unopened;

(12) post-bidding negotiations with the lowest or any other bidder shall not be permitted;

(13) under exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids, in which case bidders shall not be requested nor permitted to amend the price or any other condition of their bids; a bidder shall have the right to refuse to grant such an extension without forfeiting its bid security, but any bidder granting such extension shall be required to provide a corresponding extension of its bid security;

(14) price adjustment provisions may be included in contracts for works with a duration of more than eighteen (18) months;

(15) rejection of all bids is justified when there is lack of effective competition, or bids are not substantially responsive, however, lack of competition shall not be determined solely on the basis of the number of bidders; and

(16) each contract financed from the proceeds of the Grant shall provide that the contractor or supplier shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have such accounts and records audited by auditors appointed by the Association

(d)  **Particular Methods of Procurement of Consultants’ Services**

(i)  **Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.**
(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“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 USD)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, consulting services, and training and workshops</td>
<td>2,163,117</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>2,163,117</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section, the term “Training” means the cost of training and workshops financed under the Project, attributable to in-country seminars, study tours, and workshops, along with the cost of domestic travel and subsistence for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to training preparation and implementation, including fees of educational or other institutions providing training.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.
3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2015.

### Article IV
**Recipient's Representative; Addresses**

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is Minister of Planning and International Cooperation.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Planning and International Cooperation
PO Box 175
Sana'a, Republic of Yemen

Facsimile: 967-1-250-655

4.05. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

INDEVAS 24842 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)