Single-Donor Trust Fund for Yemen Emergency Support to Social Protection (RY SSPP)

Grant Agreement

(Emergency Support to Social Protection Project)

between

REPUBLIC OF YEMEN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of the Single-Donor Trust Fund for Yemen Emergency Support to Social Protection

Dated December 19, 2014

The Recipient and the World Bank hereby agree as follows:

**Article I**
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank out of Various Funds, dated February 15, 2012 ("Standard Conditions"), 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 Standard Conditions or in this Agreement.

**Article II**
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall cause the Project to be carried out by the Social Welfare Fund ("SWF" or "Project Implementing Entity") in accordance with the provisions of Article II of the Standard Conditions and the Subsidiary Agreement.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III**
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to twenty-
eight million four hundred sixty-five United States Dollars ($28,465,000) ("Grant") to assist in financing Part A.1 of the Project.

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

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

Article IV
Additional Remedies

4.01. The Additional Event of Suspension referred to in Section 4.02 (k) of the Standard Conditions consists of the following, namely, that the Project Implementing Entity’s Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the World Bank, the ability of the Project Implementing Entity to perform any of its obligations under the Subsidiary 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 conditions specified below have been satisfied, namely, that the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date
one hundred twenty (120) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

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

6.02. 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:
967-1-250-665

6.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INDEVAS
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
AGREED at District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF YEMEN

By

Authorized Representative

Name: Adel Al-Sunaine
Title: Ambassador

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Single-Donor Trust Fund for Yemen Emergency Support to Social Protection

By

Authorized Representative

Name: Gerard A. Byam
Title: Acting Vice-President
SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in providing cash transfers to Social Welfare Fund Beneficiaries.

The Project consists of the following parts:

Part A: Support to SWF Cash Transfer Program

1. Cash Transfer to SWF Beneficiaries: provision of Cash Transfers to eligible Cash Transfer Beneficiaries to reduce their vulnerability during a period of particular economic hardship aggravated by the 2014 fuel subsidy reform.

2. SWF Beneficiary Survey: provision of goods and technical advisory services for the carrying out of SWF Beneficiaries survey aimed at updating the list of eligible Cash Transfer Beneficiaries.

Part B: Project Management

Strengthening the capacity of SWF and the Project Support Team for Project management, implementation, coordination, management and monitoring and; preparation of financial audits, including employment of independent auditors to carry out independent evaluations and periodic audits for Part A.1 of the Project, and an accountant; all through the provision of goods, training and technical advisory services.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. The provisions of Section I.A, I.B, I.C, I.D, and I.E of Schedule 2 to the Financing Agreement (and related definitions) are hereby incorporated by reference in this Section and shall equally apply to this Agreement and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement, subject, however, to the following qualifications:

(a) references to “Association” shall be construed as references to the “World Bank”;

B. The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

C. Donor Visibility

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2. 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 Donor to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. 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 acceptable to the World Bank. Each Project Report shall cover the period of six (6) calendar months, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07(b) of the Standard Conditions. Each 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 (6) months after the end of such period.

4. Specific Financial Covenant

The Recipient shall have an independent verification report of the delivery of funds for each Cash Transfer installment under the Project carried out by auditors acceptable to the World Bank and according to terms and reference satisfactory to the World Bank as set forth in the Project Operations Manual.

Section III. Procurement

A. General

1. Procurement and Consultant Guidelines. All goods and non-consulting-services 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:

   (a) Section I of the Procurement Guidelines in the case of goods and non-consulting services;

   (b) Sections I and IV of the Consultant Guidelines in the case of consultants’ services; and

   (c) the provisions of this Section III, 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”).

2. Definitions. The capitalized terms used below in 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.
B. Particular Methods of Procurement of Goods and Non-consulting Services

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Non-consulting Services. The following methods, other than National Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan:

(a) National Competitive Bidding, may be used subject to the following additional provisions: 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:

(i) a State owned enterprise in the Recipient’s territory 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;

(ii) 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;

(iii) National standard bidding documents approved by the World Bank shall be used;

(iv) 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. In addition, 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;

(v) 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

(vi) each contract financed from the proceeds of the Grant shall provide that the contractor or supplier shall permit the World Bank, 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 World Bank.

(b) Shopping; and

(c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

2. Other Methods of Procurement of Consultants' Services. The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (a) Least Cost Selection; (b) Selection based on Consultants’ Qualifications; (c) Selection under a Fixed Budget; and (d) Single-source Selection of consulting firms; and (e) Single-source procedures for the Selection of Individual Consultants.

D. 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.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of 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 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 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) Cash Transfers under Part A.1 of the Project</td>
<td>28,465,000</td>
<td>26% of amounts paid by the Recipient under the Cash Transfer</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>28,465,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:

   (a) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed $11,386,000 equivalent may be made for payments made prior to this date but on or after June 1, 2014, for Eligible Expenditures; or

   (b) for payment of Cash Transfers under Category (1), unless the Recipient has issued a complete list of Cash Transfer Beneficiaries in accordance with the eligibility criteria set forth in the Project Operational Manual and in a manner satisfactory to the World Bank (as the list may be updated from time to time with the prior consultation and agreement of the World Bank).

2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2016.
SCHEDULE 3

Terms and Conditions of the Subsidiary Agreement

The provisions of Schedule 3 of the Financing Agreement are incorporated by reference in this Schedule 3. They shall equally apply to this Agreement and the Recipient undertakes to comply with the provisions thereof to the same extent as if such provisions had been set out in full in this Agreement.
APPENDIX


2. “Beneficiaries” mean all eligible SWF beneficiaries who have access to cash transfers during the period of the project.

3. “Cash Transfer” means a non-refundable grant by the Recipient to a Cash Transfer Beneficiary made or to be made out of the proceeds of the Financing in accordance with the provisions of the Project Operations Manual.

4. “Cash Transfer Beneficiaries” means an eligible vulnerable, poor person or household, as determined by the criteria set forth in the Project Operations Manual, to whom the Recipient proposes to make a Cash Transfer under the program referred to in the Project.

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

6. “Financing Agreement” means the agreement dated the same date as this Agreement, between the recipient and the World Bank, providing a Grant in support for the Project.


10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 24, 2014, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

11. “Project Implementing Entity” means SWF.

13. "Project Operations Manual" means the manual dated January 2013 satisfactory to the World Bank, and defined in the Financing Agreement, as the same may be amended from time to time with agreement of the World Bank.

14. "Social Welfare Fund" and "SWF" means the institution established and operating pursuant to the Presidential Decrees No. 31 of 1996, and No. 39 of 2008, as the same may be amended from time to time.