Global Agriculture and Food Security Program Trust Fund

Grant Agreement

(Yemen Smallholder Agricultural Production Restoration and Enhancement Project)

between

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS
(for the benefit of the Republic of Yemen)

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting as Trustee and as a Supervising Entity of the Global Agriculture and Food Security Program Trust Fund)

Dated \_\_\_\_\_\_, 2017
GLOBAL AGRICULTURE AND FOOD SECURITY PROGRAM TRUST FUND
GRANT AGREEMENT

AGREEMENT dated , 2017, entered into between the FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS ("Recipient") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("World Bank"), acting as trustee and as a supervising entity of the Global Agriculture and Food Security Program ("GAFSP") Trust Fund.

WHEREAS: (A) the Recipient, as a specialized agency of the United Nations system established in 1945 to raise levels of nutrition and standards of living for all people in FAO member countries; to secure improvements in the efficiency of production and distribution of food and agricultural products; and to contribute towards expanding world economy and ensure humanity’s freedom from hunger;

(B) pursuant to the Exchange of Letters constituting an agreement between the Republic of Yemen and the Recipient dated, respectively, 29 September 1979 and 23 October 1979, the Recipient and the Republic of Yemen agreed on arrangements for the establishment of a FAO Representative office in Yemen for the purpose of all activities of the Organization in Yemen;

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project, by a letter dated March 19, 2017, the Recipient requested the World Bank to assist in the financing of the Project; and

(D) WHEREAS the World Bank has agreed, on the basis, inter alia, of the foregoing, to extend to the Recipient a grant funded out of the GAFSP Trust Fund for the benefit of the Republic of Yemen upon the terms and conditions set forth in this Agreement.

The Recipient and the World Bank hereby agree as follows:

Article I
Financial Management Framework Agreement; Definitions

1.01. The Standard Conditions (as defined in the Appendix to this Agreement) constitute an integral 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 in the FMFA to "the UN" and to a "UN Organization", including in particular reference in Section 7 of the FMFA, shall be references to "the Food and Agriculture Organization of the United Nations ("FAO");

(c) all references in the FMFA to "the UN Controller" shall be references to the "Director, Finance Division, FAO";

(d) all references in the FMFA to "the UN Financial Regulations" shall be references to the "FAO Financial Regulations"; and

(e) all references in the FMFA to the "Parties" shall be references to the "World Bank" and the "FAO" or, alternatively, to the "World Bank" on the one hand and all "UN Organizations" (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 Standard Conditions or in the FMFA 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").

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 not to exceed thirty-six million United States Dollars ($36,000,000) ("Grant") to assist in financing 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 GAFSP Trust Fund for which the World Bank receives periodic contributions from the donors 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 donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred in connection with this Agreement which exceed the amount made available to the World Bank for the purposes of the Grant.

Article IV
Additional Remedies

4.01. The Additional Events of Suspension referred to in Section 4.02(k) of the Standard Conditions consist of the following:

(a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the World Bank confirms that it reasonably believes that the Recipient's actions taken previously in accordance with said Section 9 have not been sufficient to fulfill the Recipient's fiduciary obligation to ensure that the proceeds of the Financing are 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 World Bank confirms that alternative financial management arrangements mutually acceptable to the World Bank and the Recipient were not reached within the period stipulated therein; or

(c) if, the World Bank 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 World Bank for any reason revokes the application of the Alternative Procurement Arrangements set forth in Section III.1 of Schedule 2 to this Agreement.

4.02. The World Bank may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account:

(a) any time after the right of the Recipient to make withdrawals from the Grant Account has been suspended pursuant to the provisions of Section 4.01; or

(b) if the Recipient has failed to take action, satisfactory to the Bank, within six months after the effective date of this Agreement, to carry out the Project; or
(c) if the World Bank has decided, at any time after consultation with the Recipient, to withdraw its support to the Project.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Deputy Director-General, Programmes, FAO.

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

Food and Agriculture Organization of the United Nations
Viale delle Terme di Caracalla
00153 Rome
Italy

Telephone: Email:
(+39) 06 57051 FAO-HQ@fao.org

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

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

Cable: Telex: Facsimile:
INTBAFRAD 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)
AGREED at Cairo, Egypt and Rome, Italy as of the
day and year first above written.

FOOD AND AGRICULTURE ORGANIZATION OF
THE UNITED NATIONS

By:

[Signature]

Authorized Representative
Name: [Name]
Title: [Title]

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT
(acting as Trustee and as a Supervising Entity of the
Global Agriculture and Food Security Program Trust
Fund)

By:

[Signature]

Authorized Representative
Name: [Name]
Title: [Title]
SCHEDULE 1

Project Description

The objective of the Project is to increase the use of productivity and nutrition-enhancing agricultural practices by smallholders in targeted Project areas.

The Project consists of the following parts:

Part A. Community Subprojects and Investments

Carrying out a program of activities ("Subprojects") to encourage investments and increase small holders' productivity, income and nutrition, in particular:

1. Strengthening community land and water management, including: (a) water harvesting at farm and micro watershed level in upper catchment rainfed areas, including rehabilitation of existing or constructing new water harvesting and storage; (b) water diversion for improved spate irrigation in the lower catchment of selected governorates; (c) roof-top and other type of water harvesting; (d) improving natural rangelands, including planting trees and establishing protection of structures.

2. Improving animal husbandry, livestock production and animal health, including: (a) improving access to veterinary services in targeted communities; (b) carrying out vaccination campaigns to prevent major diseases in small ruminants; (c) improving animal nutrition; (d) enhancing animal husbandry and beekeeping; and (e) facilitating the development of new livestock activities, exclusively for poor women, returnees, internally displaced people or farmers who lost their livelihood assets as a result of conflict ("Vulnerable Groups").

3. Improving livelihoods and nutrition, and increasing value added of selected agriculture products in targeted areas, including: (a) provision of emergency agriculture livelihood kits to the Vulnerable Groups to restore crop production and generate income; and (b) increasing value-added of key value chain agriculture products, through the provision of equipment, technical and business training to farmers to improve processing, packaging and marketing, and promotion of partnership with traders.

Part B. Capacity Building and Extension

1. Carrying out a program of activities to build the capacity of stakeholders, including: (a) building the capacity building of stakeholders involved in land and water management to introduce more effective climate resilient irrigation techniques, and in livestock production to protect assets and increase productivity; (b) piloting and possible expansion of farmers field schools; (c) promoting
nutrition awareness on nutrition-sensitive agriculture; (d) building the capacity of farmers organizations for technical and managerial aspects; and (e) developing the capacity of non-governmental organizations to ensure efficient support to stakeholders under the Project.

Part C: Project Administration, Monitoring and Evaluation

1. Facilitating Project implementation, administration and management, and monitoring and evaluation, including: (a) the Recipient’s Indirect Costs; (b) the Recipient’s direct costs for management and implementation of the Project, monitoring and evaluation (“Direct Costs”); (c) independent Third Party Technical Review of Project activities; and (d) Operating Costs.
Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out 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 Environmental and Social Management Framework, 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 following undertakings:

(a) In the event that the Recipient or the World Bank becomes aware of information that indicates the need for further scrutiny of the implementation of the Project or any expenditures under the proceeds of the Grant allocated to the Project (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under Project) the Recipient or the World Bank, 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 each party by written notice to the other party.

(b) Following consultation between the Recipient and the World Bank, 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 World Bank 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 World Bank.

(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 World Bank regularly informed by agreed means of actions taken pursuant to Section I.B.1(d) 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 World Bank, credit any funds so recovered to the World Bank or agree with the World Bank to use these funds for a purpose mutually agreed upon.

2. In the event that the World Bank reasonably believes that timely and appropriate action has not been taken by the Recipient under Section I.B.1 above, the World Bank may request direct consultations at a senior level between the World Bank 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 World Bank 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 World Bank 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 World Bank 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 World Bank 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 World Bank has determined to have engaged in such practices; provided, however, that in this Section, “third party” does not include the Recipient. In case the World Bank elects to exercise its authority under this provision, the Parties will consult with a view to facilitating coordination of their respective mandates to investigate and/or sanction third parties. To the extent consistent with the Recipient’s oversight framework, including its regulations, rules, policies and procedures, and if requested by the World Bank, the Recipient shall cooperate with the World Bank in the conduct of such investigations.

5. Without limitation to the provisions of paragraph B.1 of this Section, the World Bank 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 Grant, except that the World Bank 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 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 World Bank, before signing such contract; (ii) the World Bank then may request direct consultations at a senior level, if required, between the World Bank 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 World Bank 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 L.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. Donor Visibility and Visit

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 (newly renumbered as Section 2.07) of the Standard Conditions, the Recipient shall, use its reasonable best efforts with the authorities of Republic of Yemen to enable the Bank to visit the territory of the Republic of Yemen for purposes related to the Grant.

D. Environmental and Social Safeguards

1. The Recipient shall carry out the Project in accordance with the ESMF, and any ESMP or PMP, and the guidelines, rules and procedures defined in said ESMF, any ESMP, or PMP.

2. The Recipient shall specifically, take the following actions in a manner acceptable to the World Bank, if an ESMP or PMP would be required on the basis of the ESMF:

   (a) such ESMP or PMP shall be prepared in accordance with the requirements of the ESMF, furnished to the World Bank for approval, and then disclosed; and

   (b) if applicable, any Subproject or agricultural activity shall be carried out in accordance with such ESMP or PMP, as approved by the World Bank.

4. The Recipient shall ensure that all measures required for carrying out any ESMP or any PMP 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, any ESMP, or any PMP, giving details of:

   (a) measures taken in furtherance of the ESMF, or any ESP, or any PMP;

   (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, any ESP, or any PMP; 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, any ESP, or any PMP.
E. Third Party Technical Review

1. The Recipient shall hire Third Party Monitoring Agent(s) with terms of reference and experience satisfactory to the World Bank, and 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.

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 (newly renumbered as Section 2.05) of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. 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) shall cover the period of six calendar months, and shall be furnished to the World Bank not later than forty-five days after the end of the period covered by such report.

2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 (newly renumbered as Section 2.05) of the Standard Conditions (i.e., on the results and impact of activities). The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

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 the Project, in accordance with the requirements of the FAO Financial Rules, Directives, Regulations and Procedures ("FAO 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 FAO Financial Regulations and in the format agreed with the World Bank, adequate to reflect the operations, resources and expenditures related to the Project. The first said interim unaudited financial reports shall be furnished to the World Bank no later than forty-five (45) days after the end of the first calendar semester 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 calendar semester; thereafter, each interim
unaudited financial report shall be furnished to the World Bank not later than forty-five (45) days after each subsequent calendar semester, and shall cover such calendar semester.

4. The Recipient shall ensure that the audit of the Project is governed by: (a) the FAO Financial Regulations; and (b) the Financial Management Framework Agreement.

5. The Recipient shall retain, until at least one year after the World Bank has received the final interim unaudited financial report referred to in paragraph 2 of this Section II.B. covering the calendar semester 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 the Project and to be financed out of the proceeds of the Grant 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 World Bank, and the Procurement Plan.

2. If the World Bank 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 World Bank, the World Bank may, in addition to the World Bank’s other rights under the Agreement, revoke the procurement provisions set out in paragraph 1 of this Section III.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient ("Grant Account"), and may be withdrawn therefrom by the Recipient in accordance with the provisions of this Section IV, for expenditures in respect of the reasonable cost of goods and services required for the Activities and to be financed out of the proceeds of the Grant (sometimes hereinafter referred to as "eligible expenditures"). Withdrawals from the Grant Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Agreement.

2. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category, and the percentage of expenditures for items so to be financed 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</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works, goods, non-consultants' services, and Operating Costs under Parts A and B of the Project</td>
<td>30,790,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) (a) Consultants' services, Operating Costs, Direct Costs and Third Party Technical Review under Part c of the Project</td>
<td>3,495,714</td>
<td>100%</td>
</tr>
<tr>
<td>(2) (b) Recipient's Indirect Costs</td>
<td>1,714,286</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>36,000,000</strong></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 for:
   
   (i) payments made for expenditures prior to the date of this Agreement;
   
   (ii) the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the World Bank's knowledge, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations.

2. 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 World Bank shall specify by notice to the Recipient contained in the Disbursement Letter addressed or to be addressed by the World Bank to the Recipient for purposes of the Financing.

3. In the event that the World Bank 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 World Bank and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.

4. No withdrawals shall be made from the Grant Account after August 31, 2020, or such later date that the World Bank shall establish by notice to the Recipient ("Closing Date"). However, withdrawals may be made after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by the Bank within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled.

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 Grant allocated to such activities have been made available to the Recipient. Notwithstanding any suspension of the Financing or any portion of the Grant under this Agreement, the Association will make available to the Recipient the portion of the proceeds of the Grant 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. Withdrawals of the proceeds of the Grant shall be made in the currency of the Grant. The World Bank, at the Recipient's request and acting as an agent of the Recipient, shall purchase with the currency of the Grant withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever it shall be necessary, for the purposes of this Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the World Bank.

7. Without limitation upon the provisions of Section 3.03 of this Agreement, it is understood that the Recipient shall not be required to (a) incur any costs exceeding the amount of the proceeds of the Grant allocated to an activity under the Project, or (b) commence or continue implementation of the pertinent activity unless the proceeds of the Grant allocated to such activity have been received by the Recipient.
APPENDIX

Section I. Definitions

1. "Alternative Procurement Arrangements" or "APA" means the special procurement arrangements set forth in Section III.1 of Schedule 2 to this Agreement, said APA as introduced under the World Bank's Procurement Framework, which came into effect in July 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's that can be directly traced to the deliverables and technical output under the Project, including Operating Costs.

5. "Environmental and Social Management Framework" or "ESMF" means the framework dated June 2017, and disclosed by the Recipient on June 27, 2017, and by the World Bank on June 27, 2017, 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 World Bank, and such term includes any schedules or annexes to said ESMF.

6. "ESMP" means an environmental social management plan that may be prepared and disclosed in accordance with the guidelines and procedures set forth in the ESMF, such ESMP setting out, inter alia, preventative actions and mitigation measures that will be used to address any potential adverse environmental and social impacts and social risks and avoid, minimize, mitigate and/or compensate any adverse environmental and social impacts associated with the implementation of Project activities, together with adequate budget, institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, its terms, as said ESMP may be modified from time to time with the prior written no-objection of the World Bank, and such term includes any annexes and schedules to such ESMP.


9. "Indirect Costs" means the costs incurred by the Recipient's as a function of and support of the Project, which cannot be traced unequivocally to the deliverables and technical outputs under Component 2 of the Project.

10. "Operating Costs" means (a) for the purpose of Parts A and B of the Project, the incremental operating costs arising on account of vehicle operation for mobile and outreach teams, community-based services, supervision and monitoring costs, office space, utilities, communication charges, per diems and in-country transportation or travel allowances; and (b) for the purpose of Part C of the Project, the incremental operating costs on account of overall management, operations and coordination of the project; supervision, quality control and contract management of the Project, support for communications and information management systems, vehicle operation for supervisors, monitors, and related travel costs and per diems.

11. "Pest Management Plan" or "PMP" means a plan that that may be prepared and disclosed in accordance with the guidelines and procedures set forth in the ESMP, such ESMP setting out, inter alia, said PMP setting out the measures to be taken for the development and implementation of integrated pest management and safe handling of agro-chemicals in the course of Project implementation, as the same may be modified from time to time with the prior written concurrence of the World Bank, and such term includes any schedules or annexes to said PMP.

12. "Procurement Plan" means the Recipient's procurement plan for the Project dated July 14, 2017, as the same shall be updated from time to time with the concurrence of the World Bank.

13. "Third Party Technical Review" means review and monitoring of the Project activities on behalf 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 technical reviewing of the Project in the areas where the Recipient has limited or no access due to the current situation in the territory of the Republic of Yemen.

14. "Third Party Monitoring Agent" means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management (accounting and audit), 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 Technical Review in accordance with relevant terms of reference reviewed and confirmed by the World Bank.


17. "Vulnerable Groups" means the beneficiaries of the Project for Part A.2(e) and A.3(a) of the Project, including poor women, returnees, internally displaced people or farmers who lost their livelihood assets as a result of conflict, and other vulnerable persons as may be identified during the Project implementation.

Section II. Modifications to the Standard Conditions

The modifications to the "the "Standard Conditions for Grants Made by the World Bank Out of Various Funds", dated February 15, 2012, ("Standard Conditions") are as follows (all references to Sections and the Appendix are to Sections of and the Appendix to said Standard Conditions):

1. Amendment to Article II: Sections 2.05 and 2.07 are, respectively, deleted in their entirety, and Sections 2.06, 2.08, 2.09 and 2.10 are, respectively, renumbered as Sections 2.05, 2.06, 2.07 and 2.08.

2. The newly re-numbered Section 2.07 is modified to reads as follows:

"Section 2.07. Visits. The Recipient shall, throughout the implementation of the Project:

(a) if it is the Member Country, enable the representatives of the World Bank to visit any part of its territory for purposes related to the Grant;

(b) if it is not the Member Country, take all measures required on its part to enable the World Bank to visit any part of the Member Country’s territory for purposes related to the Grant; and

(c) enable the World Bank’s representatives to visit any facilities and sites included in the Project."

3. Amendment to Article III: Section 3.07 is deleted, and Section 3.08 is renumbered as paragraph 3.07.

4. Amendment to Article V: Sections 5.01, 5.02 and 5.03 are, respectively deleted and replaced with the provisions of Section 21 of the FMFA.
5. **Amendment to the Appendix:** The Appendix (Definitions) is modified as follows:

The following paragraphs are, respectively, deleted: paragraphs 5, 11, 24 and 25, and the following paragraphs 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 26, are, respectively, re-numbered as paragraphs 5 through paragraph 22.