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**GRANT NUMBER D464-RY**

# **Financing Agreement**

**(Third Additional Financing for Emergency Health and Nutrition Project)**

**between**

**WORLD HEALTH ORGANIZATION**

**(for the benefit of the Republic of Yemen)**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

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**GRANT NUMBER D464-RY**

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date, entered into between the WORLD HEALTH ORGANIZATION (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”), for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

WHEREAS: (A) the Recipient and United Nations Children’s Fund (“UNICEF”) are jointly implementing the original project (“Original Project”) as recipients of the respective grants made by the Association to finance the Original Project, have in response to the immediate emergency arising as a result of cholera outbreak in the Republic of Yemen (“Emergency”), and in view of the ongoing conflict situation within the Republic of Yemen, requested additional assistance from the Association to finance specific costs associated with the Emergency;

(B) the Recipient has concluded the Basic Agreement dated November 26, 1984, as amended;

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project by a letter dated February 23, 2019, the Recipient requested the Association to assist in financing Components 1.2, 1.3, 1.4(a)(ii), 2.2 and 3 of the Project (Recipient’s “Respective Part of the Project”); and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend to the Recipient a grant for the benefit of the Republic of Yemen upon the terms and conditions set forth in this Agreement.

The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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; and
  - (b) all references to “Trust Fund Grant(s)” shall be references to the Financing referred to in Section 2.01 of this Agreement.

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

## **ARTICLE II — FINANCING**

- 2.01. The Association agrees to extend to the Recipient a grant, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to forty-six million six hundred thousand Special Drawing Rights (SDR 46,600,000) (“Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.

## **ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out its Respective Part of the Project in accordance with the provisions of Article V of the General Conditions, the FMFA and Schedule 2 to this Agreement.

## **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the Association confirms that it reasonably believes the actions taken previously in accordance with said Section 9 have not been sufficient to fulfill its fiduciary obligation to ensure that the proceeds of the Financing were 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 Association confirms that alternative financial management arrangements mutually acceptable to the Association and the Recipient were not reached within the period stipulated therein; or
  - (c) if, the Association 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 Association for any reason revokes the application of the Alternative Procurement Arrangements set forth in Section III.1 of Schedule 2 to this Agreement.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. This Agreement shall become effective as of the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is the Country Representative for Yemen.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

World Health Organization  
Algeria Street Area  
PO Box 543  
Sana'a  
Republic of Yemen

Tel: + 967 1 470093/4/5

Fax: +967 1 212102

and

(b) the Recipient's Electronic Address is:

Facsimile:	Email:
+9671 251612	emacoyemnwr@who.int

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

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

(b) the Association's Electronic Address is:

Telex:	Facsimile:
248423 (MCI)	1-202-477-6391

AGREED as of the Signature Date.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

*Marina Wes*

\_\_\_\_\_  
Authorized Representative

Name: Marina wes

Title: Country Director

Date: 28-May-2019

WORLD HEALTH ORGANIZATION

By:

*Altaf Musani*

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Authorized Representative

Name: Altaf Musani

Title: Representative

Date: 30-May-2019

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to contribute to the provision of basic health, essential nutrition, water and sanitation services for the benefit of the population of the Republic of Yemen.

The Project consists of scaling up the Original Project as modified below:

#### **Component 1 Improving Access to Health, Nutrition, and Public Health Services**

1. Strengthening the integration of the primary health care model, through:
  - (a) strengthening the operations and services of the existing functional facilities and resuming services in the non-functional primary health facilities, including primary health care systems at the governorate and district levels, (excluding any works for rehabilitation or construction of said primary health facilities) and maintaining the basic preventive and clinical curative health and nutrition services offered at said primary health facilities, through the acquisition of basic supplies, medical and non-medical equipment, required medicines, Training, and Operating Costs associated with clinical and administrative management, supervision and monitoring;
  - (b) strengthening integrated outreach health and nutrition services, and facilitating mobile teams' services in targeted remote areas without functional fixed facilities, including the provision of the following services: (i) maternal and newborn health services; (ii) child nutrition; (iii) integrated management of childhood illness; (iv) mental health services (i.e., psycho-social support); (v) implementation of immunizations campaigns; and (vi) routine delivery of selected public health programs, through the acquisition of basic supplies, medical and non-medical equipment, essential medicines, Training, and Operating Costs associated with clinical and administrative supervision;
  - (c) strengthening community-based health services, including building a network of community volunteers, health workers and midwives, through the acquisition of basic equipment, medical and non-medical supplies, required medicines, vaccines, Training, and Operating Costs associated with the administration of said community-based health services;
  - (d) carrying out community-based targeted supplementary feeding programs, providing specialized nutrition foods and ready to use supplements,

- including management of acute malnutrition, and community mobilization, sensitization and awareness raising campaigns;
- (e) conducting blanket supplementary feeding programs targeting all vulnerable groups irrespective of the nutrition status, all children and pregnant and lactating mothers;
  - (f) distributing fortified nutritious supplements or food to households with malnourished children or pregnant and lactating mothers;
  - (g) carrying out response and control measures in the cholera affected districts, including strengthening cholera treatment centers and oral hydration points, to support patient care, case management and control of the cholera outbreak; and
  - (h) carrying out prevention measures, including: (i) providing operational support at the community level for outreach community vaccination campaigns; and (ii) conducting nationwide, mass and household social mobilization activities.
2. Strengthening health systems at the national, governorate and district levels and supporting health and nutrition services at referral centers, blood banks and hospital including: (a) management of severe acute malnutrition cases with complications, including for children, in outpatient therapeutic programs and therapeutic supplementary feeding program; (b) provision of basic emergency obstetric and neonatal care and comprehensive obstetric and neonatal care services in targeted referral centers; and (c) screening and case management of non-communicable diseases, including diabetes, hypertension, tumors and mental health and psychosocial support, all through the acquisition of equipment, medical and non-medical supplies, essential drugs, vaccines, Training, and Operating Costs associated with administration of referral centers, hospitals and blood banks.
3. Sustaining the national health system preparedness and public health programs, including maintaining: (a) the current electronic disease early warning system; (b) the integrated nutrition surveillance system for multi-sectorial sources of data; (c) nationwide campaigns of immunization, neglected tropical diseases, as well as oral cholera vaccines in the high risk districts during low transmission seasons; (d) system strengthening and resilience measures, *inter alia*, strengthening the epidemiology and diagnostic laboratory capacity of the local institutions and resilience activities, in particular the reference labs at governorate levels and integrating the electronic disease early warning system; and (e) enhancing the preparedness of the public health system to respond to outbreaks.
4. (a) Improving access to safe water and sanitation at households, schools, public markets, and other communal gatherings, in particular:

- (i) Carrying out an immediate response to the Emergency to minimize the attack rate and prevent the further spread of cholera, including: (A) bulk chlorination of water source, piped network and private water trucks; (B) distribution of consumable hygiene kits, chlorine tablets, jerry cans, cleaning, disinfection materials and storage; and (C) rehabilitation of water and sanitation systems.
  - (ii) Promoting hygiene, health behavior change, and associated water and sanitation services activities in hospitals, cholera treatment centers and oral rehydration points, which are managed by WHO.
- (b) Strengthening systems and institutions to build resilience, to carry out required interventions to provide sustainable access to water and sanitation services and to encourage prevention of cholera outbreaks and preparedness in events of future cholera outbreaks, including carrying out:
- (i) rehabilitation of major and critical water and sewerage infrastructure networks, wastewater treatments plants and tanker filling stations in urban areas and related water supply systems in rural areas, operation and maintenance of water systems and treatment plants, and rehabilitation of public and private laboratories;
  - (ii) building the capacity of the relevant water institutions' staff and piloting innovative techniques such as those that are energy-saving for remote and mountainous areas where pumping costs are prohibitive to water and sewerage service systems;
  - (iii) enhancing water security, including taking relevant measures to protect water resources in rural and urban areas, such as demarcation of well-fields and their catchment areas and protection and monitoring of critical urban and rural water sources, and strengthening partnerships with the private sector; and
  - (iv) improving local capacity at the institutional, community and household levels water safety planning at the community and household level, including water safety planning, water quality testing and monitoring, and building the capacity of, and provision of Training to water user associations to address public health outbreaks.



**Component 2 Project Management Support, Evaluation and Monitoring**

1. Facilitating Project implementation, administration, management and monitoring and evaluation, including: (a) UNICEF's direct cost, including staffing and operating expenses; (b) UNICEF's indirect cost and general management; (c) provision of consultancy services required for technical assistance, implementation support and UNICEF's Third-Party Monitoring.
2. Facilitating Project implementation, administration, management and monitoring and evaluation, including: (a) WHO's direct cost, including staffing and operating expenses; (b) WHO's indirect cost and general management; (c) provision of consultancy services required for technical assistance, implementation support and WHO's Third-Party Monitoring.

**Component 3. Contingent Emergency Response**

Carrying out a program designed for immediate response in the health sector to an Eligible Crisis or Emergency.

## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

1. The Recipient shall carry out its Respective Part of the Project with due diligence and efficiency in conformity with appropriate administrative, financial, technical, environmental and social standards and practices, and in accordance with the FMFA and the Project Operational Manual, and shall promptly provide the funds, facilities, services and other resources required for the Project.
2. In order to ensure the proper implementation of Part 3 of the Project, the Recipient shall take the following measures:
  - (a) The Recipient shall:
    - (i) prepare and furnish to the Association an operations manual which shall set forth detailed implementation arrangements for Part 3 of the Project (“CERC Part”) consistent with the Recipient’s standard operational arrangements for emergency preparedness and response, including: (A) specific activities which may be included in the CERC Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (B) procurement methods and procedures for Emergency Expenditures to be financed under the CERC Part being the Recipient’s standard procurement methods and procedures for emergency preparedness and response; (C) documentation required for withdrawals of Emergency Expenditures; (D) environmental and social safeguard management frameworks for the CERC Part, consistent with the Association’s policies on the matter; and (E) any other arrangements necessary to ensure proper coordination and implementation of the CERC Part;
    - (ii) afford the Association a reasonable opportunity to review said proposed operations manual;
    - (iii) take into account the Association’s comments on the proposed operations manual and promptly adopt such operations manual for the CERC Part as agreed by the Association (“CERC Operations Manual”);

- (iv) ensure that the CERC Part is carried out in accordance with the CERC Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the CERC Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and
  - (v) not amend, suspend, abrogate, repeal or waive any provision of the CERC Operations Manual without prior agreement with the Association.
- (b) The Recipient shall undertake no activities under the CERC Part (and no activities shall be included in the CERC Part) unless and until the following conditions have been met in respect of said activities:
- (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
  - (ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, in accordance with the CERC Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments in advance of said activities.
- (c) Notwithstanding any provision to the contrary in this Agreement, Emergency Expenditures required for the CERC Part shall be procured in accordance with the procurement methods and procedures set forth in the CERC Operations Manual.

**B. Anti-Corruption**

1. The Recipient shall carry out the Project subject to the provisions of the General Conditions and the following undertakings:
- (a) In the event that the Recipient or the Association becomes aware of information that indicates the need for further scrutiny of the implementation of the Recipient's Respective Part of the Project or any expenditures under the proceeds of the Financing (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under the Recipient's Respective Part of the Project) the Recipient or the Association, 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 Association, 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 Association 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 Association.
  - (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 Association regularly informed by agreed means of actions taken pursuant to Section I.B.1(c) 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 the Association, credit any funds so recovered to the Association or agree with the Association to use these funds for a purpose mutually agreed upon.
2. In the event that the Association reasonably believes that timely and appropriate action has not been taken by the Recipient under Section I.B.1 above, the Association may request direct consultations at a senior level between the Association 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 Association 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 Association 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 Association 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 Association 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 Association has determined to have engaged in such practices; provided, however, that in this Section, “third party” does not include the Recipient. To the extent consistent with the Recipient’s oversight framework, including its regulations, rules, policies and procedures, and if requested by the Association, the Recipient shall cooperate with the Association in the conduct of such investigations.
5. Without limitation to the provisions of paragraph B.1 of this Section, the Association 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 Financing, except that the Association 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 its Respective Part of 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 Association, before signing such contract; (ii) the Association then may request direct consultations at a senior level, if required, between the Association 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 Association 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 I.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. Project Operational Manual**

1. The Recipient shall ensure that its Respective Part of the Project is carried out in accordance with the arrangements, procedures and guidelines set out in the Project Operational Manual.
2. In case of any conflict between the arrangements and procedures set out in the Project Operational Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.
3. Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Operational Manual without the prior written agreement of the Association.

**D. Third-Party Monitoring**

The Recipient shall hire and maintain throughout Project implementation Third-Party Monitoring Agent(s) to be financed out of the proceeds of the Financing as set forth in the table under Section IV.A. of Schedule 2 to this Agreement.

**E. Safeguards**

1. The Recipient shall maintain in accordance with terms of reference agreed with the Association, the existing Environmental and Social Management Framework (“ESMF”) and the Medical Waste Management Plan (“MWMP”).
2. The Recipient shall carry out its Respective Part of the Project in accordance with the ESMF, the MWMP, and the guidelines, rules and procedures defined in said ESMF and MWMP, respectively.
3. The Recipient shall take the following actions in a manner agreed with the Association if an environmental assessment, an environmental management plan or similar safeguard instrument is required on the basis of the ESMF:
  - (a) such environmental assessment, environmental management plan or similar safeguard instrument shall be prepared in accordance with the requirements of the ESMF, furnished to the Association for approval, and then disclosed; and
  - (b) if applicable, any repairs, rehabilitation, installation, well deepening or related activity shall be carried out in accordance with such environmental assessment, environmental management plan or similar safeguard instrument as approved by the Association.
4. The Recipient shall ensure that all measures required for carrying out any environmental assessment, environmental management plan, or similar safeguard instrument 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, MWMP, and any environmental assessment, environmental management plan or similar safeguard instrument, giving details of:
  - (a) measures taken in furtherance of the ESMF, MWMP and, any environmental assessment, environmental management plan, or similar safeguard instrument;
  - (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the ESMF, MWMP, or any environmental assessment, environmental management plan or similar safeguard instrument; 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, MWMP, any environmental assessment, environmental management plan or similar safeguard instrument.

6. The Recipient shall:
  - (a) as soon as reasonably practicable, but no later than ten (10) calendar days after it becomes aware of the occurrence of a Significant Event, inform the Association by any electronic means of the nature of the incident, accident, or circumstance and any effect or impact resulting or likely to result therefrom;
  - (b) as soon as reasonably practicable, but no later than thirty (30) days after it becomes aware of such Significant Event, provide the Association with a description of such Significant Event, and the measures, if any, that the Recipient is taking or plans to take to address such Significant Event to the extent the cause of such Significant Event is within the scope of the Recipient's control and to mitigate the risk of any future similar event to the extent the cause of such Significant Event is within the scope of the Recipient's control; and
  - (c) keep the Association informed of the on-going implementation of said measures and plans.

## **Section II. Project Monitoring, Reporting and Evaluation**

### **A. Project Reports**

The Recipient shall furnish to the Association 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), not later than forty-five (45) days after the end of each six calendar months, covering the six calendar months.

### **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 its Respective Part of the Project, in accordance with the requirements of its Financial Rules and Financial Regulations ("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 Financial Regulations and in the format agreed with the Association, adequate to reflect the operations, resources and expenditures related to the Project. The first said interim unaudited financial reports shall be furnished to the Association no later than forty-



five (45) days after the end of the first six months 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 six (6) months; thereafter, each interim unaudited financial report shall be furnished to the Association not later than forty-five (45) days after each subsequent six month period, and shall cover such six month period.

4. The Recipient shall ensure that the audit of its Respective Part of the Project is governed by: (a) Article XIV of the Financial Regulations; and (b) the Financial Management Framework Agreement.
5. The Recipient shall retain, until at least one year after the Association has received the final interim unaudited financial report referred to in paragraph 3 of this Section II.B covering the six (6) calendar months 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 Recipient's Respective Part of the Project and to be financed out of the proceeds of the Financing 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 Association, and the Procurement Plan.
2. If the Association 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 Association, the Association may, in addition to the Association's other rights under the Agreement, revoke the procurement provisions set out in paragraph 1 of this Section III.

### **Section IV. Withdrawal of the Proceeds of the Financing**

#### **A. General**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in SDR)	Percentage of Expenditures to be Financed
(1) Goods, non-consulting services, consultants' services, Training and Operating Costs for Components 1.1, 1.4(a)(i) and 1.4(b) of the Project	0	
(2) UNICEF's Indirect Cost payable under Component 2.1(b) of the Project (3% of the total Financing)	0	
(3) Goods, non-consulting services, consultants' services, Training and Operating Costs under Components 1.2, 1.3 and 1.4(a)(ii) of the Project	44,100,000	100%
(4) WHO's Indirect Cost under Component 2.2(b) of the Project (3% of the total Financing)	1,357,000	100%
(5)(a) (i) UNICEF's Direct Cost under Component 2.1(a) of the Project  (ii) UNICEF's Third-Party Monitoring under Component 2.1(c) of the Project	0  0	100%
(5)(b) (i) WHO's Direct Cost under Component 2.2(a) of the Project	500,000	

(ii) WHO's Third-Party Monitoring under Component 2.2(c) of the Project	643,000	
(6) Eligible Crisis or Emergency Expenditures under Component 3 of the Project	0	
<b>TOTAL AMOUNT</b>	46,600,000	100%

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made for expenditures prior to the date of this Agreement;
  - (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; or
  - (c) under Category (6), unless the following undertaking has been fulfilled, namely, that either the Republic of Yemen, or the United Nations, has declared an emergency, and the Recipient has on that basis made a request to finance activities, which will previously have been agreed with the Association, through the CERC Operations Manual in accordance with Section I.2 of Schedule 2 of this Agreement.
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 Association shall specify by notice to the Recipient contained in the Disbursement and Financial Information Letter addressed or to be addressed by the Association to the Recipient for purposes of the Financing.
3. Without prejudice to the provisions of Section 8.07 of the General Conditions, in the event that the Association 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 Association and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.
4. (a) 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 Financing allocated to such activities have been made available to the Recipient.

- (b) Notwithstanding any suspension of the Financing or any portion of the Financing under this Agreement, the Association will make available to the Recipient the portion of the proceeds of the Financing 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.

5. The Closing Date is June 30, 2022.

## APPENDIX

### Section I. Definitions

1. “Alternative Procurement Arrangements” means the procurement arrangements set forth in Section III of Schedule 2 to this Agreement, as permitted by the Association’s “Procurement Regulations for IPF Borrowers”, dated July 2016 and revised November 2017 and August 2018.
2. “Anti-Corruption Guidelines” means for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
3. “Basic Agreement” means an agreement between the Recipient and the Association dated November 26, 1984, as amended.
4. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.
5. “CERC Operations Manual” means the manual referred to in Section I.A.2(a) and Section IV.B.1(c) of Schedule 2 to this Agreement, acceptable to the Association, setting forth an action plan for immediate response in activities in the health sector, including an indicative budget, a list of activities, and modalities for implementing such activities to support the Republic of Yemen in an event of an Eligible Crisis or Emergency.
6. “Direct Costs” means the actual cost of the Recipient that can be directly traced to the deliverables and technical output under Components 1.2, 1.3, 1.4(a)(ii), and 3 of the Project, excluding Operating Costs.
7. “Emergency” means the occurrence of an event of emergency within the territory of the Republic of Yemen as a result of cholera outbreak, for which the following notification has been issued: <http://www.who.int/emergencies/yemen/en/>.
8. “Eligible Crisis or Emergency” means the occurrence of a natural disaster, crises or an event of emergency within the territory of the Republic of Yemen or regarding which, either the Republic of Yemen, the international community or the United Nations has issued an emergency declaration.
9. “Environmental and Social Management Framework” or “ESMF” means the existing framework pursuant to Section I.E.1 of Schedule 2 to this Agreement, dated September 26, 2017, and disclosed by the Association on October 2, 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 Association, and such term includes any schedules or annexes to said ESMF.

10. “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and the United Nations Children’s Fund, dated November 4, 2016. For purposes of the FMFA, the “World Bank” means the Association and the International Bank for Reconstruction and Development.
11. “Financial Regulations and Rules” means the following financial management regulations and rules of the Recipient: The United Nations Children’s Fund Financial Regulations and Rules E/ICEF/2011/AB/L.8.
12. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018, as updated on December 2018, with the modifications set forth in Section II of this Appendix.
13. “Medical Waste Management Plan” or “MWMP” means the plan of said name for the Original Project dated January 19, 2017, deemed acceptable by the Association and disclosed by the Association on January 25, 2017, and by the Recipient in January 2017, setting forth the guidelines, procedures and measures for improvement of management of health care waste including, and disposal of such health waste, as such plan may be amended and/or supplemented from time to time with the prior written agreement of Association.
14. “Operating Costs” means: (a) for the purpose of Components 1.2, 1.3, 1.4(a)(ii), and 3 of the Project, vehicle operation for mobile and outreach teams, community-based services, supervision and monitoring costs, rental of warehouses, office space, medical campaigns, water sanitation and hygiene campaigns, water supplies and maintenance of health equipment in the health centers, maintenance of water and sanitation facilities, fuel required for running health and water facilities under the Project, utilities, communication charges, *per diems* and in-country transportation or travel allowances, but excluding the salaries of the Republic of Yemen civil service; and (b) for the purpose of Component 2.2 specifically, the incremental operating costs arising under Component 2.2 of the Project on account of vehicle operation for supervisors, monitors and related travel costs and *per diems*.
15. “Original Project” means the project activities described in the following agreements, as amended: the Financing Agreement for Yemen Emergency Health and Nutrition Project between the Association and the Recipient dated February 4, 2017 (Grant No. D163-RY), the Financing Agreement for Additional Financing for Yemen Emergency Health and Nutrition Project between the Association and the Recipient dated May 30, 2017 (Grant No. D196-RY), and the Financing

Agreement for Second Additional Financing for Yemen Emergency Health and Nutrition Project between the Association and the Recipient dated September 7, 2017 (Grant No. D.231-RY).

16. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 6, 2019, as the same shall be updated from time to time with the concurrence of the Association.
17. “Project Operational Manual” means the manual, satisfactory to the Association, and referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Association.
18. “Respective Part of the Project” means components 1.2, 1.3, 1.4(a)(ii), 2.2 and 3 under Schedule 1 of the Agreement.
19. “Signature Date” means the latest of the two dates on which the Recipient and the Association signed this Agreement and such definition applied to all references to “the date of the Financing Agreement” in the General Conditions.
20. “Significant Event” means any significant social, labor, health and safety, security or environmental incident, accident, or circumstance directly involving the Recipient and the Project, including without limitation, those that result in death or serious injuries, and any violent and exceptional labor incident or dispute involving the Recipient or security forces in the Project area, which has had or could reasonably be expected to have a material adverse effect on the implementation or operation of the Project.
21. “Third-Party Monitoring” means monitoring activities 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 monitoring and evaluation of the activities of the Project in the areas where the Recipient has limited or no access due to the current conflict situation in the territory of the Republic of Yemen.
22. “Third-Party Monitoring Agent” means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management, procurement, and environmental safeguards aspects of such development projects, to be engaged by the Recipient for carrying out Third-Party Monitoring in accordance with relevant terms of reference developed in consultation with the Association.
23. “Training” means the costs associated with training of health providers and personnel, supervisors and managers involved in activities under its Respective Part of the Project, such term including seminars, and workshops, and associated

travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation of the training.

24. “World Bank Group” means the Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Centre for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. Section 2.06 (*Financing Taxes*) is deleted in its entirety, and the remaining sections in Article II are renumbered accordingly.
2. The following sections in Article III are deleted in their entirety: Sections 3.02 (*Commitment Charge*), 3.14 (*Place of Payment*), 3.15 (*Currency of Payment*), 3.16 (*Amount of Repayment*), 3.18 (*Manner of Payment*) and 3.19 (*Temporary Currency Substitution*), and the remaining sections are renumbered accordingly.
3. Section 5.07 (*Plans; Documents; Records*), Section 5.09 (*Financial Management, Financial Statements, Audits*), Section 5.13 (*Procurement*) and Section 5.14 (*Anti-Corruption*) are respectively deleted in their entirety, and the remaining sections in Article V are renumbered accordingly.
4. In Section 5.10 (renumbered as Section 5.08) (*Cooperation and Consultation*), paragraph (a) is modified as follows:

“(a) from time to time, at the request of either one of them, exchange views on the Project, the Financing, and the performance of their respective obligations under the Legal Agreement;”
5. In Section 5.11 (renumbered as Section 5.09) (*Visits*), paragraphs (a) and (b) are, respectively, modified to read as follows:

“(a) The Recipient shall take all action necessary or useful to facilitate that the Member Country affords all reasonable opportunity for representatives of the Association to visit any part of their territories for purposes related to the Financing or the Project.”

“(b) The Recipient shall enable the Association’s representatives: (i) to visit any facilities and construction sites included in the Project; and (ii) to examine the goods financed out of the proceeds of the Financing for the Project, and any plants, installations, sites, works, buildings, property,



equipment, relevant to performance of its obligations under the Legal Agreement.”

6. Section 6.01 is deleted in its entirety.
7. Sections 8.02(a) (*Payment Failure*) is modified as follows:
  - (a) “Paragraph (a) on *Payment Failure* is replaced with the following: If the Republic of Yemen has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association or the International Bank for Reconstruction and Development (“Bank”): (i) under any agreement between the Republic of Yemen and the Association or the Bank; or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Republic of Yemen.”
8. Sections 8.02(h) (*Co-financing*) is deleted in its entirety and the remaining sections in Section 8.02 under Article VIII are renumbered accordingly.
9. Sections 9.01 (*Enforceability*), 9.02 (*Failure to Exercise Rights*), and 9.03 (*Arbitration*) under Article IX are, respectively, deleted and replaced with the provisions of Section 21 of the FMFA.
10. Paragraphs 5, 17, 55, 78, 87 and 109 of the Appendix (*Definitions*) are, respectively, deleted in their entirety and the remaining paragraphs in the Definitions are renumbered accordingly.
11. Paragraph 79 (now renumbered as paragraph 75) in the Appendix (*Definitions*) is modified as follows:

“79. “Member Country” means the member of the Association in whose territory the Project is carried out or any such member’s political or administrative subdivisions.”