

Japanese Grant Agreement
(Vocational Training Project)

between

REPUBLIC OF YEMEN

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

on its own behalf and as Administrator
of Grant Funds provided by JAPAN

Dated February 16, 1994

JAPANESE GRANT AGREEMENT

AGREEMENT, dated February 16, 1994 between REPUBLIC OF YEMEN (the Recipient) and INTERNATIONAL DEVELOPMENT ASSOCIATION acting on its own behalf (the Association) and as Administrator (the Administrator) of grant funds provided by JAPAN (Japan).

WHEREAS (A) pursuant to a letter agreement dated July 30, 1990 between Japan and the International Bank for Reconstruction and Development (the Bank) and the Association, Japan has requested the Bank and the Association, and the Bank and the Association have agreed, to administer grant funds to be made available by Japan for the financing of certain programs and projects supported by the Bank and the Association, as the case may be, in accordance with the provisions of such letter agreement;

WHEREAS (B) Japan has agreed to make available to the Recipient out of said grant funds, a grant (the Grant) to finance the cost of carrying out the technical assistance described in Schedule 1 to this Agreement (the Technical Assistance) on the terms and conditions hereinafter set forth;

WHEREAS (C) the Recipient has requested the Bank to carry out the Technical Assistance; and

WHEREAS (D) the Association has agreed to carry out the Technical Assistance on the terms and conditions hereinafter set forth;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Definitions; Term of Technical Assistance

Section 1.01. The Technical Assistance shall be undertaken by consultants (the Consultants) who shall, as far as practicable, include Consultants with expertise in the following areas:

- (a) education;
- (b) administration; and
- (c) finance.

Section 1.02. As used in this Agreement, the terms "yen" and "¥" mean the currency of Japan, and the term "Consultants" includes individual consultants as well as any consulting firm that provides any of the experts referred to in Section 1.01.

Section 1.03. The Consultants are expected to commence their services in February 1, 1994 and to provide a total of 65 man-months of service between that time and December 31, 1995.

ARTICLE II

Responsibilities of the Association and the Administrator

Section 2.01. The Grant to be provided by Japan for the Technical Assistance shall be in an amount of seventy four million three hundred thousand yen (¥74,300,000).

Section 2.02. The Administrator shall utilize the Grant to finance the following expenditures in connection with the services of the Consultants:

- (a) remuneration, per diem and other allowances;
- (b) international and local travel expenses;
- (c) a study tour;
- (d) computer equipment; and
- (e) out-of-pocket expenses, including communications and reports, incurred by the Consultants in foreign and local currency in the performance of their services.

Section 2.03. The Association shall make reasonable efforts to secure the services of the Consultants.

Section 2.04. The recruitment, engagement and supervision of the Consultants shall be the responsibility solely of the Association and shall be done according to the Association's applicable procedures.

ARTICLE III

Responsibilities of the Recipient

Section 3.01. The Recipient shall cooperate with the Administrator, the Association and the Consultants to ensure that the Technical Assistance is carried out promptly and effectively and, for this purpose, shall issue appropriate instructions to its officials, agents and representatives.

Section 3.02. The Recipient shall:

- (a) make arrangements for all personnel of the Consultants assigned to the Technical Assistance (other than nationals of the Recipient or permanent residents of the Recipient's territories) and all dependents of such personnel promptly to be provided with any necessary entry and exit visas, residence and work permits, exchange documents and travel documents required for their stay in the Recipient's territories during the duration of the Technical Assistance;
- (b) facilitate clearance through its customs of any equipment, materials and

supplies required for the Technical Assistance and any personal effects of the personnel of the Consultants assigned to the Technical Assistance (other than nationals of the Recipient or permanent residents of the Recipient's territories) and the dependents of such personnel;

(c) permit the Consultants to bring into, and withdraw from, the Recipient's territories reasonable amounts of foreign currency for purposes related to the Technical Assistance;

(d) permit the personnel of the Consultants assigned to the Technical Assistance (other than nationals of the Recipient or permanent residents of the Recipient's territories) and the dependents of such personnel to bring into, and withdraw from, the Recipient's territories reasonable amounts of foreign currency for their personal use; and

(e) exempt the Consultants and the personnel of the Consultants assigned to the Technical Assistance from (or the Recipient shall pay on behalf of the Consultants and such personnel) any taxes, duties, fees, levies and other impositions imposed under the laws and regulations in effect in the Recipient's territories on the Consultants and such personnel in respect of:

- (i) any payments whatsoever made to the Consultants and such personnel (other than nationals of the Recipient or permanent residents of the Recipient's territories) in connection with the carrying out of the Technical Assistance;
- (ii) any equipment, materials and supplies brought into the Recipient's territories by the Consultants for the purpose of carrying out the Technical Assistance and which, after having been brought into such territories, will be subsequently withdrawn therefrom by them;
- (iii) any equipment, material and supplies brought into the Recipient's territories by the Consultants for the purpose of carrying out the Technical Assistance and which will be consumed therein or become the property of the Recipient; and
- (iv) any property brought into the Recipient's territories by the Consultants or such personnel (other than nationals of the Recipient or permanent residents of the Recipient's territories) or the dependents of such personnel for their personal use and which will be consumed therein or subsequently withdrawn therefrom by them upon their respective departure from the Recipient's territories, provided that the Consultants, such personnel and their dependents shall follow the usual customs procedures of the Recipient in importing property into the Recipient's territories.

Section 3.03. The Recipient shall be responsible for dealing with any claims arising out of, or resulting from, the Technical Assistance that may be brought by third parties against the Administrator. The Recipient shall indemnify the Administrator and the Association against any costs, claims, damages or liabilities arising out of, or resulting from, any acts or omissions in connection with the Technical Assistance, except those resulting from the gross negligence or willful misconduct of the Administrator or the Association, as the case may be.

Section 3.04. For purposes of carrying out the Technical Assistance, the Recipient shall make available to the Consultants, free of charge, the data, services, facilities and equipment set forth in Schedule 2 to this Agreement.

Section 3.05. The Recipient shall make available to the Consultants, free of charge, such counterpart personnel to be selected by the Recipient, with the advice of the Association and the Consultants, are set forth in Schedule 2 to this Agreement. If any member of the counterpart personnel fails to perform adequately any work assigned to him by the Consultants that is consistent with the position occupied by such member, the Consultants may request the replacement of such member, and the Recipient shall not unreasonably refused to act upon such request.

ARTICLE IV

Reports and Other Matters

Section 4.01. The Recipient, the Association and the Administrator shall, from

time to time, at the request of any party, exchange views on the Technical Assistance and consult on any reports prepared by the Consultants and the implementation of any recommendations made in those reports.

Section 4.02. The Association and the Administrator may use any reports prepared by the Consultants for any purpose that the Association or the Administrator, as the case may be, may consider appropriate but those reports may not be made public except by agreement between the Recipient, the Association and the Administrator.

ARTICLE V

Enforceability of Agreement; Failure to Exercise Rights; Arbitration

Section 5.01. The rights and obligations of the Association, the Administrator and the Recipient under this Agreement shall be valid and enforceable in accordance with their terms notwithstanding the law of any State or political subdivision thereof to the contrary. Neither the Association nor the Administrator nor the Recipient shall be entitled in any proceeding under this Article to assert any claim that any provision of this Agreement is invalid or unenforceable because of any provision of the Articles of Agreement of the Association.

Section 5.02. No delay in exercising, or omission to exercise, any right, power or remedy accruing to any party under this Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default. No action of such party in respect of any default, or any acquiescence by it in any default, shall affect or impair any right, power or remedy of such party in respect of any other or subsequent default.

Section 5.03. (a) Any controversy between the parties to this Agreement, and any claim by any such party against any other such party arising under this Agreement which has not been settled by agreement of the parties shall be submitted to arbitration by an Arbitral Tribunal as hereinafter provided.

(b) The parties to such arbitration shall be the Association and the Administrator on the one side and the Recipient on the other side.

(c) The Arbitral Tribunal shall consist of three arbitrators appointed as follows: one arbitrator shall be appointed jointly by the Association and the Administrator; a second arbitrator shall be appointed by the Recipient; and the third arbitrator (hereinafter sometimes called the Umpire) shall be appointed by agreement of the parties or, if they shall not agree, by the President of the International Court of Justice or, failing appointment by said President, by the Secretary-General of the United Nations. If either side shall fail to appoint an arbitrator, such arbitrator shall be appointed by the Umpire. In case any arbitrator appointed in accordance with this Section shall resign, die or become unable to act, a successor arbitrator shall be appointed in the same manner as herein prescribed for the appointment of the original arbitrator and such successor shall have all the powers and duties of such original arbitrator.

(d) An arbitration proceeding may be instituted under this Section upon notice by the party instituting such proceeding to the other party. Such notice shall contain a statement setting forth the nature of the controversy or claim to be submitted to arbitration, the nature of the relief sought and the name of the arbitrator appointed by the party instituting such proceeding. Within thirty days after such notice, the other party shall notify to the party instituting the proceeding the name of the arbitrator appointed by such other party.

(e) If within sixty days after the notice instituting the arbitration proceeding, the parties shall not have agreed upon an Umpire, any party may request the appointment of an Umpire as provided in paragraph (c) of this Section.

(f) The Arbitral Tribunal shall convene at such time and place as shall be fixed by the Umpire. Thereafter, the Arbitral Tribunal shall determine where and when it shall sit.

(g) The Arbitral Tribunal shall decide all questions relating to its competence and shall, subject to the provisions of this Section and except as the parties shall otherwise agree, determine its procedure. All decisions of the Arbitral Tribunal shall be by majority vote.

(h) The Arbitral Tribunal shall afford to all parties a fair hearing and

shall render its award in writing. Such award may be rendered by default. An award signed by a majority of the Arbitral Tribunal shall constitute the award of such Tribunal. A signed counterpart of the award shall be transmitted to each party. Any such award rendered in accordance with the provisions of this Section shall be final and binding upon the parties to this Agreement. Each party shall abide by and comply with any such award rendered by the Arbitral Tribunal in accordance with the provisions of this Section.

(i) The parties shall fix the amount of the remuneration of the arbitrators and such other persons as shall be required for the conduct of the arbitration proceeding. If the parties shall not agree on such amount before the Arbitral Tribunal shall convene, the Arbitral Tribunal shall fix such amount as shall be reasonable under the circumstances. The Association, the Administrator and the Recipient shall each defray its own expenses in the arbitration proceeding. The costs of the Arbitral Tribunal shall be divided between and borne equally by the Association and the Administrator on the one side and the Recipient on the other. Any question concerning the division of the costs of the Arbitral Tribunal or the procedure for payment of such costs shall be determined by the Arbitral Tribunal.

(j) The provisions of arbitration set forth in this Section shall be in lieu of any other procedure for the settlement of controversies between the parties to this Agreement or of any claim by any such party against any other such party arising thereunder.

(k) The Association shall not be entitled to enter judgment against the Recipient upon the award, to enforce the award against the Recipient by execution or to pursue any other remedy against the Recipient for the enforcement of the award, except as such procedure may be available against the Recipient otherwise than by reason of the provisions of this Section. If, within thirty days after counterparts of the award shall have been delivered to the parties, the award shall not be complied with by the Association, the Recipient may take such action for the enforcement of the award against the Association.

(l) Service of any notice or process in connection with any proceeding under this Section or in connection with any proceeding to enforce any award rendered pursuant to this Section shall be in writing. Such notice or request shall be deemed to have been duly given or made when it shall be delivered by hand or by mail, telegram, cable, telex or radiogram to the party to which it is required or permitted to be given or made at such party's address specified in this Agreement or at such other address as such party shall have designated by notice to the party giving such notice or making such request. The parties to this Agreement waive any and all other requirements for the service of any such notice or process.

ARTICLE VI

Effective Date, Suspension and Termination

Section 6.01. This Agreement shall become effective upon its execution by the parties.

Section 6.02. The Recipient may at any time request the Association or the Administrator in writing to terminate the Technical Assistance. Whether or not the Recipient has made such a request, the Administrator may at any time suspend or, after consultation with the Recipient, terminate the right of the Recipient to receive Grant funds for the Technical Assistance if any of the following circumstances shall have occurred and be continuing:

(a) The Recipient shall have 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 Bank: (i) under any development credit agreement between the Recipient and the Association, or (ii) under any loan or guarantee agreement between the Recipient and the Bank, or (iii) in consequence of any guarantee or other financial obligation of any kind extended by the Bank to any third party with the agreement of the Recipient.

(b) The Recipient shall have failed to perform any obligation under this Agreement.

(c) (i) The Association or the Bank shall have suspended in whole or in part the right of the Recipient to make withdrawals under any development credit agreement with the Association or any loan agreement with the Bank because of a failure by the

Recipient to perform any of its obligations under such agreement; or (ii) the Bank shall have suspended in whole or in part the right of any borrower to make withdrawals under a loan agreement with the Bank guaranteed by the Recipient because of a failure by such borrower to perform any of its obligations under such agreement.

(d) Any event shall have arisen that, in the opinion of the Association or the Administrator, as the case may be, interferes or threatens to interfere with the successful implementation of the Technical Assistance, the accomplishment of its purposes, or the execution of the Technical Assistance in accordance with the terms and conditions of this Agreement.

(e) The Recipient: (i) shall have been suspended from membership in or ceased to be a member of the Association; or (ii) shall have ceased to be a member of the International Monetary Fund.

(f) A representation made by the Recipient, in or pursuant to this Agreement, or any statement furnished in connection therewith, and intended to be relied upon by the Administrator in making the Grant, shall have been incorrect in any material respect.

Section 6.03. If the Technical Assistance is suspended or terminated, the Recipient and the Administrator shall consult with each other concerning any further action that may be necessary or desirable.

Section 6.04. The Administrator is not an agent of or trustee for the Recipient and shall not have any fiduciary relationship with the Recipient. The Recipient shall have no right to any portion of the Grant that is not expended by the Administrator pursuant to this Agreement.

ARTICLE VII

Representation

Section 7.01. All communications with respect to this Agreement shall be addressed as follows:

For the Recipient:

The Ministry of Planning and Development
P.O. Box 175
Sana'a
Republic of Yemen

Cable address:

CENPLAN

Telex:

2266 CENPLAN YE

For the Administrator and the Association:

Director, Country Department II
Middle East and North Africa Region
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

INTBAFRAD
Washington, D.C.

Telex:

197688 (TRT),
248423 (RCA),
64145 (WUI) or
82987 (FTCC)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names as of the day and year first above written.

REPUBLIC OF YEMEN

By /s/ Abu Bakr Al-Qirbi

Authorized Representative

THE INTERNATIONAL DEVELOPMENT ASSOCIATION
on its own behalf and as Administrator
of the Grant

By /s/ Caio K. Koch-Weser

Authorized Representative

SCHEDULE 1

Description of Technical Assistance

The objective of the Technical Assistance is to assist the Recipient in the preparation of a proposed vocational training project which would strengthen the Recipient's capacity to train skilled manpower. This would be achieved by enhancing the quality and expanding the provision of Vocational Training (VT) with special attention to female employment and training; strengthening sector management and financing in close cooperation with private enterprises and local authorities; and developing the institutional capacity to plan, manage and coordinate policy and programs.

The Technical Assistance consists of the following parts, subject to such modifications thereof as the Recipient and the Administrator may agree upon from time to time to achieve the objective of the Technical Assistance:

Provision of Technical Assistance to: (a) delineate the role and functions of the Vocational Training Corporation (VTC) in coordinating and managing VT in close cooperation with industry; (b) assess existing and future skilled manpower needs by major occupational categories; (c) prepare a phased program for expansion of VT with special attention to training of women in appropriate occupations; and (d) develop a detailed proposal for quality improvement of VT programs, including new initiatives in the areas of instructor training, curriculum development, skill assessment, cooperation with industry and physical facilities.

(1) Workshops. Carrying out workshops and national and regional studies, including a review of the VT system and of labor market needs. Workshops will include one national workshop for the female labor force and six local workshops held in major towns: workshops would be expected to help prepare strategies for improving the quality of VT, and would also include employer participation

(2) National Policy for VT. The Technical Assistance would assist the Project Preparation Working Group with elements of the new policy framework for VT. A Cost and Financing Specialist would review the unit costs of training, the rationale for subsidies currently given to each student, sources of funding for the VT system, and prospects for financing it in cooperation with industry. A Skills Assessment and Certification Specialist would help prepare a policy framework for establishing skills standards for trained manpower that are relevant to local conditions, together with a detailed plan to introduce skills certification. A Management Information System (MIS) Specialist would help design a MIS that would support policy decision-making on the development of skilled manpower in line with existing and emerging needs.

(3) Management of VT. Recommendations will be made concerning measures to alleviate the currently fragmented management of the VT system and make proposals for improved cooperation with industry in system management. An Industry/School Interaction Specialist would work with the private sector to develop specific recommendations for participation of industry in skilled manpower training: the specialist would also make recommendations for strengthening the VTC's capacity to manage training provided by Ministries and agencies, and would design an appropriate organizational structure for administration of the system. A VT Management Specialist would develop norms and standards for facilities, teacher qualifications, and the extent of functional autonomy to be devolved to VT centers.

(4) Labor-Market Needs Assessment. Studies would be conducted that are designed to improve the relevance of VT to labor market needs. A Needs Assessment Specialist would study labor market needs in the Recipient -- both national and for selected regions -- identifying profiles of skilled manpower and estimating present and future demands for skilled manpower by major occupational categories; the study would pay special attention to identifying culturally acceptable employment opportunities for women. A Labor Market Specialist would review the Recipient's policies and regulatory mechanisms concerning wages and employment. Both studies would be conducted in cooperation with chambers of commerce and industries.

(5) Quality Improvement in VT. Quality enhancement initiatives would be identified for incorporation into VT programs, by specialists in Curriculum, Equipment and Facilities, and Teacher Training. These specialists' scope of work would include: (i) curriculum development, competency assessment, and strategies for program delivery to improve productivity among existing labor force participants as well as new entrants; (ii) evaluation of the learning resources needed for improving quality, and preparation of a plan to procure them locally; assessment of equipment and furniture needs for refurbishing existing facilities and equipping new ones; determination of technical assistance requirements; and delineation of the role of industry in enhancing the quality of VT; and (iii) design of pre- and in-service training for VT instructor training, including a phased plan for implementing the instructor training program.

SCHEDULE 2

Description of Services, Facilities, Equipment and Counterpart Personnel to be Made Available by the Recipient

1. The Recipient will provide the Consultants with suitably furnished office space within MOE headquarters in Sana'a, together with office services including the following communications facilities: telephone, facsimile and telex equipment.
 2. The Recipient will appoint a liaison officer who will assist the Consultants in their contacts with policy-making officials in the departments and branches of the MOE, the Ministry of Finance, and the Ministry of Social Service and Labor, as well as with the Academy of Sciences and concerned local government officials.
 3. The Recipient will provide assistance, including transportation, in arranging field visits for the Consultants.
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