
GRANT NUMBER E307-RY

Financing Agreement

**(Third Additional Financing for Emergency Social Protection Enhancement and
COVID-19 Response Project)**

between

UNITED NATIONS CHILDREN'S FUND

(for the benefit of the Republic of Yemen)

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER E307-RY

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the UNITED NATIONS CHILDREN'S FUND (for the benefit of the Republic of Yemen) ("Recipient" or "UNICEF") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing a second additional financing for activities related to the project described in Schedule 1 (the "Project") to the financing agreement for the Emergency Social Protection Enhancement and COVID-19 Response Project between the Recipient and the Association, dated December 24, 2020 (Grant No. D762-RY) ("Original Financing Agreement").

WHEREAS: (A) pursuant the Basic Cooperation Agreement between the Recipient and the Republic of Yemen dated January 12, 1994, the Recipient and the Republic of Yemen agreed to cooperate in the program areas for the benefit of children and women within the territory of the Republic of Yemen consistent with the relevant resolutions, decisions, regulations and rules and policies of the competent organs of the United Nations, including the Executive Board of the Recipient;

(B) under the Original Financing Agreement, the Association agreed to provide the Recipient with financing in an amount equivalent to one hundred and one million Special Drawing Rights (SDR 101,000,000) to assist in financing the Project;

(C) under the Additional Financing Agreement, the Association agreed to provide the Recipient with financing in an amount equivalent to one hundred and thirty-seven million and seven hundred thousand Special Drawing Rights (SDR 137,700,000) to assist in financing the Project;

(D) under the Second Additional Financing Agreement, the Association agreed to provide the Recipient with financing in an amount equivalent to one hundred and six million five hundred thousand Special Drawing Rights (SDR 106,500,000) to assist in financing the Project;

(E) the Recipient, having satisfied itself as to the feasibility and priority of the Project by a letter dated February 25, 2023, the Recipient, through the UN Office of the Resident and Humanitarian Coordinator for the Republic of Yemen, requested the Association to assist with additional financing in support of activities related to Parts 1 and 3.1 of the Project and described in Schedule 1 to this Agreement (Recipient's "Respective Parts of the Project"), by providing financing in an amount equivalent to one hundred and twelve million eight hundred thousand Special Drawing Rights (SDR 112,800,000) ("Financing") for 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.

NOW THEREFORE, 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;
 - (b) all references to “Trust Fund Grant(s)” shall be references to the Financing referred to in Section 2.01 of this Agreement;
 - (c) all references to “the UN” and to a “UN Organization”, including in particular reference in Section 7 of the FMFA, shall be references to “the United Nations Children’s Fund;”
 - (d) all references to “the UN Controller” shall be references to the “UNICEF Comptroller;”
 - (e) all references to the “UN Financial Regulations” shall be references to the “UNICEF Financial Regulations and Rules”; and
 - (f) all references to the “Parties” in Section 11 of the FMFA shall be a reference to the “Association” and the “United Nations Children’s Fund” or, alternatively, to the “Association” on the one hand and the “United Nations Secretariat” and all “UN Organizations” (as that term is defined in the FMFA) on the other.
- 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, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount equivalent to one hundred and twelve million eight hundred thousand Special Drawing Rights (SDR 112,800,000) (“Financing”), to assist in financing the Recipient’s Respective Parts of the 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 Parts 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.
- 5.02. Without prejudice to Section 10.05(b) of the General Conditions, the Financing Agreement and all obligations of the parties under it shall forthwith terminate when all such obligations have been fully performed.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. 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:

UNICEF, the United Nations Children's Fund
P.O. Box 725
Sana'a, Republic of Yemen
(Attention: The Country Representative)

and

With a copy to:

UNICEF, the United Nations Children's Fund
UNICEF House
Three United Nations Plaza
New York, New York 10017
(Attention: Director Public Partnerships Division)

- (b) the Recipient's Electronic Address is:

Facsimile: E-mail:

+967 1 206 092 phawkins@unicef.org

- 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:

Facsimile:

+1-202-477-6391

AGREED as of the Signature Date.

**UNITED NATIONS CHILDREN'S FUND
(for the benefit of the Republic of Yemen)**

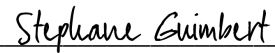


Peter Hawkins
Representative, UNICEF Yemen

Date: 21-Jul-2024

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Stephane Guibert
Country Director, Republic of Yemen

Date: 21-Jul-2024

SCHEDULE 1

Project Description

The objective of the Project is to provide cash transfers, temporary employment, and increased access to basic services and economic opportunities to food insecure populations affected by COVID-19, the conflict and climate-related shocks, as well as to strengthen the capacity of national institutions.

The Project consists of the following parts:

Part 1: Unconditional Cash Transfers (UNICEF)

1.1. Unconditional Cash Transfers

- (a) Provision of cash assistance (“Unconditional Cash Transfers” or “UCT”) to reduce the vulnerability of eligible beneficiaries in the SWF Beneficiary List, and to enable targeted households to purchase food and necessities (“Cash Transfer Beneficiaries”); and
- (b) Hiring of Payment Agency(ies) to administer and deliver the Unconditional Cash Transfers within the territory of Yemen; field facilitation and communication; operation of the grievance mechanism (GM) and Operating Costs of SFD.

1.2. Digital Payment, Financial Literacy and UCT Design Enhancement

Support to the development and implementation of a pilot program for digital payments (“Digital Payment Pilot”) through provision of incentives to selected beneficiaries, including support for applications for a national ID and opening of a digital wallet, support for behavioral change communication interventions on digital financial literacy, and the development of a roadmap to enhance UCT design reviewing targeting methodology and benefit levels.

1.3. Microwork for Youth Pilot

Provision of Training and equipment to Microwork Pilot Beneficiaries on digital upskilling to enable their access to microwork income-generating opportunities through *inter alia*: (a) youth profiling and market assessment for microwork opportunities; (b) development and implementation of a training program on basic and digital literacy, information and technology skills; and (c) design and implementation of a monitoring and evaluation program.

Part 2: Geo-focused Support to Reduce Food Insecurity and Malnutrition (UNDP)

2.1. Cash for Nutrition

- (a) Provision of cash assistance (“Cash for Nutrition”) and complementary health and nutrition services assistance to: (i) reduce the vulnerability of eligible beneficiaries in SWF Beneficiary List and eligible beneficiaries outside of the SWF Beneficiary List (“Cash for Nutrition Beneficiaries”), and (ii) enable targeted households to purchase food and necessities; and
- (b) Hiring and training of community health workers to deliver health and nutrition services, financial intermediary fees, and Operating Costs of SFD.

2.2. *Cash for Work*

- (a) Provision of Cash-for-Work Transfers to Eligible Beneficiaries to carry out labor-intensive works (“Sub-projects”) identified and implemented by Targeted Communities, designed to, *inter alia*, (i) restore and irrigate agricultural land; (ii) improve access to water and sanitation; and (iii) improve access to markets; and
- (b) Provision of construction materials and related tools for Sub-projects; financial intermediary fees; and Operating Costs of SFD.

2.3. *Community Assets*

- (a) Carrying out Sub-projects designed to develop small-scale infrastructure, based on the priorities identified by the Targeted Communities, including but not limited to Sub-projects focused on: (i) restoring and irrigating agricultural land; (ii) improving access to water and sanitation; and (iii) improving access to markets; and
- (b) Operating Costs of PWP.

2.4. *Economic Opportunities and Food Market Resilience*

- (a) Increase access to finance for medium, small and micro-enterprises (“MSMEs”) by providing: (i) a grant to the Yemen Loan Guarantee Program (“YLG”) (“YLG Subgrant”) to increase its capital to enable selected micro-finance institutions (“Selected MFIs”) to access credit; (ii) enabling YLG to build capacity of MFIs for accessing the partial portfolio guarantee scheme; (iii) establishing and providing capacity building for Village Saving and Loan Associations; (iv) providing grants to Selected MFIs to improve their IT infrastructure (“MFI IT Subgrants”), and (v) Operating Costs of YLG and SMED in support of activities under Part 2.4(a) of the Project.

- (b) Support MSMEs and business associations in critical sectors by providing:
 - (i) technical assistance and Subgrants to eligible MSMEs affected by conflict or the COVID-19 crisis in food production, food distribution, and/or health and nutrition sectors of the economy (“MSME Subgrants”);
 - (ii) Subgrants to eligible business associations and cooperatives in the target sectors (“Business Association and Cooperatives Subgrants”);
 - (iii) entrepreneurship capacity building Subgrants for Eligible Entrepreneurship Beneficiaries for the establishment of new businesses (Entrepreneurship Sub-grants), and (iv) technical assistance and Operating Costs of SMEPS in support of activities under Part 2.4(b) in support of Yemen Private Sector Cluster initiative.

Part 3: Project Support, Management, Evaluation and Administration

3.1. UNICEF Project Support, Management, Evaluation and Administration

Facilitating the Recipient’s Respective Parts of the Project implementation, administration, management and monitoring and evaluation, including: (a) UNICEF’s Direct Cost; (b) UNICEF’s Indirect cost; (c) provision of consultancy services required for capacity building (including of Yemen Partners), and UNICEF’s Third-Party Monitoring; and (d) compliance with the ESCP.

3.2. UNDP Project Support, Management, Evaluation and Administration

Facilitating UNDP’s respective parts of the Project implementation, administration, management and monitoring and evaluation, including: (a) UNDP’s Direct Cost; (b) UNDP’s Indirect Cost; (c) provision of consultancy services required for capacity building (including of Yemen Partners), and UNDP’s Third-Party Monitoring; and (d) compliance with ESCP.

Part 4: Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out its Respective Parts 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 Operations Manual and shall promptly provide the funds, facilities, services and other resources required for its Respective Parts of the Project.
2. The Recipient shall maintain, throughout the life of the Project, the Project Management Unit ("PMU") based in the Recipient's office in the Republic of Yemen which shall be responsible for day-to-day management and implementation of its Respective Parts of the Project, including the staffing of core functions, including the technical, fiduciary (*i.e.*, procurement and financial management) aspects of its Respective Parts of the Project, and coordination of all field activities, as detailed in the Project Operations Manual.
3. To facilitate the implementation of Part 1 of the Project, and to sustain and build the skills and capacity of the Recipient's Yemen Partners, the Recipient shall engage its Yemen Partners pursuant to separate contractual agreements (Contractual Agreements or Programme Cooperation Agreements) agreed between the Recipient and said Yemen Partners and satisfactory to the Association, including the agreement with SFD (as further described in Section I.D below).
4. In order to ensure the proper implementation of contingent emergency response activities under Part 4 of the Project ("Contingent Emergency Response Part"), the Recipient shall ensure that:
 - (a) a manual ("CERC Manual"), consistent with the Recipient's standard operational arrangements for emergency preparedness and response, is prepared and adopted in form and substance acceptable to the Association, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods

- and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
 - (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Association;
 - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
 - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without prior agreement with the Association.
- 5. The Recipient shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Association.
- 6. The Recipient shall ensure that:
 - (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Association; and
 - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Association.
- 7. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

B. Anti-Corruption

1. The Recipient shall carry out its Respective Parts of 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 Parts 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 Parts 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) Without limitation to paragraph (a) above, the Recipient's Office of Internal Audit and Investigations ("OIAI") shall periodically submit to the Association's Integrity Vice Presidency a statement confirming whether or not, during the reporting period, the Recipient has received any non-frivolous allegations referred to in paragraph (a) above, and a brief description of any such allegations received. Any information provided under this paragraph that is designated as such by the OIAI will be considered confidential and will only be disseminated within the organization on a strict 'need to know' basis. Information that has previously been provided to the Association on an *ad hoc* basis under paragraph (a) will not be considered confidential unless it was designated as such at the time of initial disclosure, regardless of whether the same information is duplicated in whole or in part in any report to be generated under this paragraph. The Association reserves the right to use confidential information in furtherance of its own investigations under paragraph 4 of this Section I.B, but will notify the Recipient in advance and, upon request, will consult with the Recipient before doing so.
 - (c) 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.
 - (d) 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.

- (e) 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(d) 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 implementation of its Respective Parts of the Project.
 - (b) If the Recipient intends to issue a contract in connection with its Respective Parts 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 Operations Manual

1. The Recipient shall update and thereafter carry out its Respective Parts of the Project, as well as ensure that Yemen Partners carry out their activities under the Project, in accordance with the project operations manual (“Project Operations Manual”, or “POM”), satisfactory to the Association, setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, *inter alia*:
 - (a) detailed description of its Respective Parts of the Project and institutional arrangements for implementing the Project;
 - (b) financial management, monitoring, evaluation, reporting, and governance procedures for the Project;
 - (c) detailed procedures for Unconditional Cash Transfers under Part 1.1(a) of the Project, including, *inter alia*, eligibility criteria, payment methods, verification mechanisms, quality assessment procedures, payment approval process, and related monitoring and reporting requirements; and
 - (d) detailed procedures for the Digital Payment Pilot under Part 1.2 of the Project, including, *inter alia*, the eligibility and selection criteria for the beneficiaries of the Digital Payment Pilot (“Digital Payment Beneficiaries”), payment methods, verification mechanisms, quality assessment procedures, and related monitoring and reporting requirements;
 - (e) detailed procedures for the Microwork for Youth Pilot under Part 1.3 of the Project, including, *inter alia*, the eligibility and selection criteria for the Microwork Pilot Beneficiaries, payment methods, verification mechanisms, quality assessment procedures, and related monitoring and reporting requirements; and
 - (f) operational procedures and arrangements for monitoring compliance with Entry Criteria for Access, as applicable.
 - (g) format of the monthly reviews of the progress of the Project.

2. In the event that any provision of the POM shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall ensure that the POM for its Respective Parts of the Project is not amended without the prior written agreement of the Association.

D. SFD SUBSIDIARY AGREEMENT

1. To facilitate the carrying out of Part 1.1(a), Part 1.2 and Part 1.3 of the Project, the Recipient shall, consistent with its policies and procedures, not later than three (3) months after the Effective Date, enter into a Contractual Agreement or Programme Cooperation Agreement) with SFD, under terms and conditions satisfactory to the Association, which shall include the following:
 - (a) the Recipient shall provide financing on terms and conditions acceptable to the Association, to cover part of the expenditures to be financed out of the Financing in support of Part 1.1(a) of the Project, Part 1.2 of the Project, and Part 1.3 of the Project (as applicable) respectively, all in accordance with the specifications in the POM;
 - (b) SFD shall carry out its activities in accordance with the requirements of the POM, the ESCP, and Environmental and Social Standards, in a manner acceptable to the Recipient and Association; and
 - (c) SFD shall maintain a financial management system, including records and accounts, adequate to reflect the transactions related to its Respective Parts of the Project.
2. The Recipient shall exercise its rights under the agreement referred to in 1 above in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. The Association and the Recipient shall agree on any assignment, amendment, abrogation or waiver of the said agreement or any of its provisions.

E. Unconditional Cash Transfers under Part 1.1(a) of the Project

1. The Recipient shall:
 - (a) ensure the verification of the SWF Beneficiary List of eligible Cash Transfer Beneficiaries, in form and substance satisfactory to the Association, and in accordance with the Project Operations Manual;
 - (b) ensure that no Cash Transfer Beneficiary is eligible to receive the Unconditional Cash Transfer unless verified against the SWF Beneficiary List; and

- (c) submit to the Association, the Third-Party Monitoring Agent's performance audit report on the basis of the terms of reference for the Third-Party Monitoring, related to the use of the full proceeds of the Unconditional Cash Transfers under Category (1) of the table set forth in Section IV.A of this Schedule.

F. Digital Payment Pilot under Part 1.2 of the Project

1. The Recipient shall:

- (a) ensure that the Digital Payment Beneficiary is verified under the SWF Beneficiary List and is eligible in accordance with the eligibility criteria set out under the Project Operations Manual; and
- (b) submit to the Association, the Third-Party Monitoring Agent's performance report on the basis of the terms of reference for the Third-Party Monitoring, related to the use of the full proceeds of the Digital Payment Pilot under Category (1) of the table set forth in Section IV.A of this Schedule.

G. Microwork for Youth Pilot under Part 1.3 of the Project

1. The Recipient shall:

- (a) ensure that the Microwork Beneficiary is part of the Cash Transfer Beneficiaries and verified under the SWF Beneficiary List and is eligible in accordance with the eligibility criteria set out under the Project Operations Manual; and
- (b) submit to the Association, the Third-Party Monitoring Agent's performance report on the basis of the terms of reference for the Third-Party Monitoring, related to the use of the full proceeds of the Microwork for Youth Pilot under Category (1) of the table set forth in Section IV.A of this Schedule.

H. Third-Party Monitoring, Payment Agencies and Grievance Mechanism

1. The Recipient shall, upon contracting and/or updating the contract, as the case may be, of aa Third-Party Monitoring Agent(s), maintain throughout its Respective Parts of Project implementation said Third Party Monitoring Agent, with qualifications, experience and terms of reference acceptable to the Association, 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, to carry out Third Party Monitoring

of the Project implementation. Names and summary of the qualifications of the candidate entity(ies) recommended for the arrangements of the Third-Party Monitoring Agent(s) will be shared with the Association prior to the award of such arrangements. The Association shall have five (5) business days to raise any concerns with the Recipient regarding the candidate entities.

2. Each monitoring report prepared by the Third-Party Monitoring Agent(s) shall cover one Unconditional Cash Transfer payment cycle. The Recipient shall after its review, and no later than 15 days after its receipt, make available such monitoring report to the Association.
3. The Recipient, shall hire Payment Agency(ies) and thereafter maintain them, as applicable, throughout Project implementation of its Respective Parts of the Project, on the terms of reference satisfactory to the Association and as further detailed in the POM, 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.
4. The Recipient shall, and as applicable through SFD, maintain the Grievance Mechanism, under terms and structure satisfactory to the Association.

I. Annual Work Plan and Budget

1. The Recipient shall prepare and furnish to the Association, not later than each January 31, an Annual Work Plan and Budget containing all activities proposed to be included in its Respective Parts of the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts, sources of financing and eligible costs.
2. The Recipient shall afford the Association a reasonable opportunity to exchange views on such proposed Annual Work Plan and Budget and thereafter ensure that the Relevant Parts of the Project are implemented in accordance with such Annual Work Plan and Budget as shall have been agreed by the Recipient and the Association.
3. The Annual Work Plans and Budgets may be revised as needed during Project implementation upon agreement of the Recipient and the Association.

J. Environmental and Social Standards

1. The Recipient shall, and shall require Yemen Partners, through its respective separate Contractual Agreement(s) or Programme Cooperation Agreement(s) and regular monitoring, ensure that its Respective Parts of the Project are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association. The Recipient shall report to the Association Yemen Partners' compliance with the Environmental and Social Standards and

Environmental and Social Commitment Plan (“ESCP”), as further described in the POM, and shall work with the Yemen Partners to remedy any instances of noncompliance, in a manner consistent with the “ESCP”.

2. Without limitation upon paragraph 1 above, the Recipient shall, and shall require Yemen Partners, through its respective separate Contractual Agreement(s) or Programme Cooperation Agreement(s) and regular monitoring, to ensure that its Respective Parts of the Project is implemented in accordance with the ESCP, in a manner acceptable to the Association. To this end, the Recipient shall, and shall require Yemen Partners to ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds from the Financing are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation from the Financing for such measures and actions (which action plan shall be deemed an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the

Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Association is promptly notified of any Significant Event related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including sexual exploitation and abuse, sexual harassment and violence against minors, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
6. The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances in its Respective Parts of the of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
7. The Recipient shall, and shall require Yemen Partners through its respective separate Contractual Agreements or Programme Cooperation Agreements and regular monitoring, to ensure that all bidding documents and contracts for civil works under its Respective Parts of the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
8. (a) In conjunction with a Project Event, the Recipient shall, within two weeks of a request, furnish the Association with the Sections Relevant to the Implementation of the Environmental and Social Standards for the Project, of the: (i) signed Programme Cooperation Agreements, including the Partner Programme Document, and periodic reports submitted by Implementing Partners; and (ii) signed contracts, and periodic reports submitted by contractors.
- (b) Following the occurrence of a Significant Event, the Recipient shall, upon the Association's request, furnish to the Association the relevant

Implementing Partner or contractor incident reports, redacting Personal Data or confidential information.

- (c) The Recipient shall, not later than forty-five (45) days after the end of each calendar year within the period of Project implementation, furnish to the Association a written representation (in a manner and form acceptable to the Association) indicating that: (i) all signed Programme Cooperation Agreements (including Partner Programme Documents) and contracts referred to in paragraph (a) above include an obligation on the Recipient's counterpart to said agreements, documents or contracts to carry out the Project activities in accordance with the Environmental and Social Standards and the applicable Environmental and Social Commitment Plan; and (ii) the Recipient has determined that none of its counterparts to said agreements, documents or contracts are in breach of said obligation.
- (d) For purposes of paragraph (a) above, the term: (i) "Project Event" includes, implementation support missions, Project mid-term review, a Significant Event, or a negative finding by a third-party monitor agent; (ii) "Sections Relevant to the Implementation" means the sections of the signed Programme Cooperation Agreements, the Partner Programme Documents, contracts, or periodic reports, that include provisions relevant to implementation of the ESSs and the ESCP that cover the Project scope, implementation arrangements and all environmental and social requirements.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar quarter, covering the calendar period of three (3) months, or with such frequency as the Association and the Recipient shall agree in writing. The Recipient shall ensure that each Project Report contains an update on the implementation of the activities under the Procurement Plan.
- 2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information, report or document related to the activities described in Schedule 1 of this Agreement, the Recipient shall ensure that such information, report or document does not include Personal Data.

B. Financial Management; Financial Reports; and Audits

1. The Recipient shall maintain a financial management system, including records and accounts, adequate to reflect the transactions related to its Respective Parts of the Project, in accordance with the requirements of the UNICEF Financial Regulations and Rules. As applicable, the Recipient shall cause its Yemen Partners to maintain a financial management system, including records and accounts, adequate to reflect the transactions related to its Respective Parts of the Project in accordance with the pertinent separate Contractual Agreements. In accordance with Article 10 of the FMFA, the Recipient shall notify the Association of any changes to these Financial Regulations and Rules, that occur after the signing of this Agreement within 30 days of the effectiveness of such changes and shall make such Financial Regulations and Rules available via Recipient's external website.
2. The Recipient shall maintain records ("Ledger Account") and accounts that provide a complete, true and faithful record of all the expenditures from the proceeds of the Financing, in a manner that allows for the clear and separate identification of the activities financed by the Association.
3. The Recipient shall prepare periodic financial statements in accordance with its Financial Regulations and Rules and accounting standards acceptable to the Association. The financial statements will be submitted to the Association in accordance with the provisions of Section II. Financial Reports and Audits of the Disbursement and Financial Information Letter referred to in Section IV.
4. The Recipient shall ensure that the audit of its Respective Parts of the Project is: (a) carried out exclusively by the UN Board of Auditors in accordance with Article XIV of the Financial Regulations and Rules; and governed by (b) the FMFA. In addition, as agreed by the Recipient and the Association, the Recipient shall carry out any additional due diligence activities as agreed by the Recipient and the Association in terms of reference.
5. The Recipient shall retain, and shall cause the Yemen Partners to retain, until at least one year or pursuant to the standard practice of the Recipient, whichever is longer, after the Association has received the final interim unaudited financial report referred to in the Disbursement and Financial Information Letter referenced in Section IV.A of this Schedule covering 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.

C. Monthly Reviews

Unless otherwise agreed with the Association, the Recipient and the Association shall undertake regular monthly reviews of the progress of the Project, including implementation arrangements and status of implementation. Following each review, as applicable, the Recipient shall undertake to act promptly and diligently in order to take any corrective action deemed necessary to remedy any shortcoming noted in the implementation of the Project, and/or to implement such other measures as may have been agreed upon between the Recipient and the Association in furtherance of the objectives of the Project. The detailed arrangements for the monthly reviews will be further outlined in the POM.

Section III. Procurement

1. All goods, non-consulting services and consulting services required for the Recipient's Respective Parts 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.
3. The Recipient shall, not later than [thirty (30)] days after the Effective Date, update the Procurement Plan under terms satisfactory to the Association.

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 Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1)		
(a) Unconditional Cash Transfers under Part 1.1(a) of the Project	94,000,000	100%
(b) Payment Agency(ies) fees under Part 1.1(b) of the Project	2,256,000	100%
(c) Goods, consulting services, non-consulting services, Training and Operating Costs under Part 1 of the Project	2,632,000	100%
(d) Digital Payment Pilot under Part 1.2 of the Project	6,016,000	100%
(e) Microwork for Youth Pilot under Part 1.3 of the Project	376,000	100%
(2) UNICEF's		
a) Indirect Cost (3%) for Part 3.1 under the Project	3,286,000	100%
b) Direct Cost for Part 3.1 under the Project	3,632,000	100%
c) Consulting services and Third- Party Monitoring under Part 3.1 of the Project	602,000	100%
(3) Emergency Expenditures	0	

TOTAL AMOUNT	112,800,000	
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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 Signature Date of this Agreement;
 - (b) For Eligible Expenditures under Category (1)(e) for payments for the Microwork for Youth Pilot under Part 1.3 of the Project, unless and until the Recipient has conducted an assessment to inform the design of the Microwork for Youth Pilot and updated the Project Operations Manual in line with Section I.C (e) of this Schedule with a relevant section on the Microwork for Youth Pilot, including *inter alia*, an action plan, eligibility criteria for selected youth from Cash Transfer Beneficiaries, in form and substance satisfactory to the Association;
 - (c) for Eligible Expenditures under Categories (1)(a),1(b), 1(d) and 1(e), unless and until the Recipient has updated the POM in form and substance satisfactory to the Association, including to incorporate the Entry Criteria for Access;
 - (d) under Category (3), for Emergency Expenditures, under Part 4 of the Project, unless and until the Association is satisfied, and notified the Recipient of its satisfaction, that all of the following conditions have been met in respect of said expenditures:
 - (i) (A) the Recipient has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Association a request to withdraw Financing amounts under Category (3); and (B) the Association has agreed with such determination, accepted said request and notified the Recipient thereof; and
 - (ii) the Recipient has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Association;
 - (e) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the Association'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 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. 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.
5. The Closing Date is December 31, 2026.

Section V. Other Undertakings

1. In undertaking its obligations under the Project and this Agreement, the Recipient shall process Personal Data in accordance with its policies, procedures, regulations, and practices. In particular, the Recipient shall ensure that Personal Data shall:
 - a. only be processed on one or more legitimate bases, as defined by its policies, procedures, regulations and practices;
 - b. be processed only for purposes specified in the Project, which are consistent with the Recipient's mandate;
 - c. when processed, be confined to that which is relevant, limited and adequate to what is necessary in relation to the purposes specified above;
 - d. only be retained for the time that is necessary to achieve the purposes specified above;
 - e. be accurate and, where necessary, up to date to fulfill the purposes specified above;
 - f. be processed with transparency to individuals; and
 - g. be processed with due regard to confidentiality.
2. The Recipient shall adopt appropriate organizational, administrative, physical, and technical safeguards and procedures in order to protect the security of Personal

Data, including against or from accidental or unauthorized destruction, loss, alteration, disclosure, access, or unplanned loss of availability.

3. The Recipient may only transfer Personal Data to a third party if, under the circumstances, the Recipient determines in accordance with the foregoing paragraphs 1 and 2, above, that there is a legitimate basis for such transfer. The principles of the Recipient's policies, procedures, regulations, and practices apply equally to the processing and transfer of Personal Data.
4. Without limitation upon any other provisions of this Agreement, the Recipient and the Association will agree on any safeguards required in order to protect the Personal Data collected, disclosed and/or processed under the Project. The Recipient may only transfer Personal Data to a third party if, under the circumstances, it is satisfied that such third party affords protection for the Personal Data on terms no less favorable than the Recipient does under this Project.

Section VI. Amendment to the Original Financing Agreement

1. The description of the Project in Schedule 1 of the Original Financing Agreement is amended to read as the description of the Project in Schedule 1 of this Financing Agreement.

Section VII. Amendment to the Additional Financing Agreement

1. The description of the Project in Schedule 1 of the Additional Financing Agreement is amended to read as the description of the Project in Schedule 1 to this Agreement.

Section VIII. Amendment to the Second Additional Financing Agreement

1. The description of the Project in Schedule 1 of the Second Additional Financing Agreement is amended to read as the description of the Project in Schedule 1 to this Agreement.

APPENDIX

Section I. Definitions

1. “Additional Financing Agreement” means the financing agreement signed on April 22, 2022, between the Recipient and the Association for Grant Number E007-RY in an amount equivalent to one hundred and thirty-seven million and seven hundred thousand Special Drawing Rights (SDR 137,700,000) for the additional financing of the Project.
2. “Alternative Procurement Arrangements” or “APA” means the special procurement arrangements set forth in Section III of Schedule 2 to this Agreement, said APA as introduced under the Association’s Procurement Framework, which came into effect in July 2016.
3. “Annual Work Plan and Budget” means each annual work plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.I of Schedule 2 to this Agreement.
4. “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.
5. “Cash for Nutrition” means supplemental cash assistance program to be implemented under Part 2.1 of the Project designed to supplement nutritional needs of Cash for Nutrition Beneficiaries.
6. “Cash for Nutrition Beneficiaries” means eligible beneficiaries identified and verified by UNDP under Part 2 of the Project.
7. “Cash for Work” means the program of specific development activities to be implemented under Part 2.2 of the Project.
8. “Unconditional Cash Transfer” or “UCT” means provision of unconditional cash transfer to eligible beneficiaries under Part 1.1 of the Project, and “Unconditional Cash Transfers” means more than one UCT.
9. “Cash Transfer Beneficiaries” means eligible beneficiaries identified and verified under Section I.E of Schedule 2 to this Agreement.
10. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

11. "CERC Manual" means the manual referred to in Section I.A.5(a) of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Association, and which is an integral part of the Operational Manual.
12. "Contingent Emergency Response Part" means any activity or activities to be carried out under Part 4 of the Project to respond to an Eligible Crisis or Emergency.
13. "Contractual Agreement or Programme Cooperation Agreement" means any of the agreements referred to in Section I.A 4 of Schedule 2 to this Agreement.
14. "COVID-19" means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
15. "Digital Payment Beneficiary" means a beneficiary registered under the SWF Beneficiary List eligible to participate to the Digital Payment Pilot under Part 1.2 of the Project, in accordance with the eligibility criteria set out in the POM.
16. "Digital Payment Pilot" means the pilot for the digital payments to be implemented by the Recipient under Part 1.2 of the Project, in accordance with the terms and conditions set out in the POM.
17. "Direct Costs" means the actual cost of the Recipient that can be directly traced to the deliverables and technical output on account of project management and supervision under its Respective Parts of the Project, excluding Operating Costs.
18. "Eligible Beneficiaries" means such individuals eligible to participate in Cash for Work Sub-project under Part 2.2 of the Project. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the territory of the Republic of Yemen, associated with a natural or man-made crisis or disaster, or regarding which, either the Republic of Yemen, the international community or the United Nations has issued an emergency declaration.
19. "Emergency Action Plan" means the plan referred to in Section I.A.5(b) of Schedule 2 to this Agreement, detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
20. "Emergency Expenditures" means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.A.5(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
21. "Entry Criteria for Access" means the criteria required to have been met for the purpose of the Project to ensure that, inter alia (i) there is no announced restriction on procurement, data collection and assessments, and the provision to women and girls

of Cash for Nutrition, Cash for Work, Cash Transfers, Digital Payment Pilots, Microwork for Youth Pilots; and (ii) there is no announced restriction on female staff providing services under the Project, as such criteria are further set out in the Project Operations Manual.

22. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 27, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
23. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Association.
24. “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.
25. “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.
26. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.

27. “Grievance Mechanism” or “GM” means the grievance mechanism to be established by the Recipient in accordance with the provisions of Section I.H of Schedule 2 to this Agreement for the purpose of receiving and addressing any complaints related to the Project implementation by the Recipient and its local partners.
28. “Indirect Costs” means the indirect costs incurred by Recipient as a function and in support of the Project, which cannot be traced unequivocally to the deliverables and technical output of the Project.
29. “Microwork for Youth Pilot” means the pilot activities for digital upskilling training to be implemented by the Recipient under Part 1.3 of the Project, in accordance with the terms and conditions set out in the POM.
30. “Microwork Pilot Beneficiaries” means youth between the ages of 18-35 selected among Cash Transfer Beneficiaries to benefit from the Microwork for Youth Pilot under Part 1.3 of the Project, selected in accordance with the eligibility criteria as further determined in the POM.
31. “MSMEs” means medium, small and micro-enterprises.
32. “OIAI” means the Office of Internal Audit and Investigations of UNICEF.
33. “Operating Costs” means the reasonable incremental expenses incurred on account of Project implementation by SFD, management and monitoring, including office supplies, vehicle operation, office and equipment maintenance and repair, communication, translation and interpretation, travel and supervision and technical/operational support costs directly related to the Project, *per diems* and in-country transportation or travel allowances, but excluding the salaries of the Republic of Yemen civil service.
34. “Original Financing Agreement” means the financing agreement signed on December 24, 2020, between the Recipient and the Association for Grant Number D762-RY in an amount equivalent to one hundred and one million Special Drawing Rights (SDR 101,000,000) for the financing of the Project.
35. “Payment Agency(ies)” means the financial service provider(s) in the form of commercial banks and/or micro-finance institutions, under terms acceptable to the Association.
36. “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification number, location data, online identifier, metadata and factors

specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.

37. "Procurement Plan" means the Recipient's procurement plan for the Project containing a description of Recipient's procurement activities, as the same shall be updated from time to time with the concurrence of the Association.
38. "Project Operations 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.
39. "Project Management Unit" and "PMU" each means the Recipient's unit responsible for the implementation of its Respective Part of the Project referred to in Section I.A.2 of Schedule 2 to this Agreement.
40. "Respective Parts of the Project" means Parts 1 and 3.1 under Schedule 1 of this Agreement.
41. "Second Additional Financing Agreement" means the financing agreement signed on April 3, 2023, between the Recipient and the Association for Grant Number E163-RY in an amount equivalent to one hundred and six million five hundred thousand Special Drawing Rights (SDR 106,500,000) for the additional financing of the Project.
42. "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.
43. "Significant Event" means any significant social, labor, health and safety, security or environmental incident, accident, or circumstance directly involving the Project, including without limitation, explosions, spills, and any workplace accidents 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, and local communities or any gender-based violence, sexual exploitation or abuse suffered by eligible Cash Transfer Beneficiaries under the Project or any other event which has had or could reasonably be expected to have a material adverse effect on the implementation or operation of the Project in accordance with the ESMF.
44. "SMEPS" or "Small and Micro Enterprise Promotion Service" means a legally separate entity which operates under the provisions of Law No. (10) of 1997 established by the Social Fund for Development, under the National Strategy for the development of small enterprises approved by the Council of Ministers on 17/1/2005, and under the decision of the Executive Director of the Social Fund for Development of 2005 in the Republic of Yemen.

45. “Social Fund for Development” or “SFD” means the Republic of Yemen’s development fund established pursuant to Law No. 10 of 1997 as amended, and responsible for, *inter alia*, contributing to implementation of social and economic development plans in the Republic of Yemen.
46. “Sub-project” means labor intensive works sub-projects under Part 2.1 of the Project and Community Asset subproject under Part 2.2 of the Project.
47. “SWF Beneficiary List” means a list of beneficiaries managed by Social Welfare Fund that have been identified using a Proxy Means Test and categorical targeting, and which covers households in all districts in Yemen.
48. “Targeted Communities” means local communities as agreed by the Recipient and the Association and indicated in the Project Operations Manual.
49. “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.
50. “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.
51. “Training” means the costs associated with training of service providers and personnel, supervisors and managers involved in activities under the Recipient’s Respective Parts 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.
52. “The Village Saving Loan Association” or “VSLA” means an SFD-sponsored initiative with a goal to create self-managed and self-capitalized groups comprised of community members, whereby members utilize their savings to lend to each other.
53. “UNDP” means the United Nations Development Programme.
54. “UNICEF” means the United Nations Children’s Fund.

55. “Yemen Loan Guarantee Program” or “YLG” means a non-for-profit guarantee provider established by the Social Fund for Development under the provisions of Law No. (10) of 1997 and the National Strategy for the development of small enterprises and under the approval of the policies committee for SFD on March 8, 2016.
56. “Yemen Private Sector Cluster” or “YPSC” is an inclusive platform of the Yemeni private sector, established by SMEPS in 2019, consisting of private sector representative bodies including the federation of Yemen chambers of commerce, chambers of commerce from all regions of the country, business diaspora and key business management associations.
57. “Yemen Partners” means SFD and any other local agencies that the Recipient has engaged or will engage for the purpose of facilitating the implementation of its Respective Parts of the Project, and who are involved in the implementation of other projects financed by the Association, or other development agencies, all satisfactory to the Association.

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 reads 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 (*Financial and Economic Data*) is deleted in its entirety.
7. Section 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. Section 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, 54, 76, 85 and 110 of the Appendix (Definitions) are, respectively, deleted in their entirety and the remaining paragraphs in the Definitions are renumbered accordingly.
11. Paragraph 77 (now renumbered as paragraph 75) in the Appendix (Definitions) is modified as follows:

“77. “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.”