
GRANT NUMBER IDA E233-RY

Financing Agreement

(Second Additional Financing to the Yemen Emergency Human Capital Project)

between

**UNITED NATIONS OFFICE FOR PROJECT SERVICES
(for the benefit of the Republic of Yemen)**

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER IDA E233-RY

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the UNITED NATIONS OFFICE FOR PROJECT SERVICES (for the Benefit of Yemen) (“Recipient”) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the project described in the financing agreement for the Yemen Emergency Human Capital project (“Project”) between the Recipient and the Association, dated July 29, 2021 (Grant No. D881-RY) (“Original Financing Agreement”).

WHEREAS: (A) the Recipient, the United Nations Children’s Fund (“UNICEF”) and the World Health Organization (“WHO”) are jointly implementing the Project as recipients of the respective grants made by the Association to finance the Project, have in response to the immediate emergency arising within the territory of the Republic of Yemen as a result of suffering from the cumulative impact of more than half a decade of conflict, economic recession, and institutional collapse, as further exacerbated by the COVID-19 crisis, and resulting in damage to critical service delivery infrastructure and lack of access to essential health, nutrition and water and sanitation (“Emergency”), and in view of the ongoing conflict situation within the Republic of Yemen, requested assistance from the Association to finance specific costs associated with the Emergency.

(B) pursuant to the Host Country Agreement between the Recipient and the Republic of Yemen dated October 2, 2017, the Recipient and the Republic of Yemen agreed to cooperate consistent with the relevant resolutions, decisions, regulations, rules and policies of the governing bodies of the Recipient.

(C) under the Original Financing Agreement, the Association agreed to provide the Recipient with financing in an amount equivalent to twenty million eight hundred thousand Special Drawing Rights (SDR 20,800,000) (“Original Financing”) to assist in financing the Project.

(D) under the Additional Financing Agreement, the Association agreed to provide the Recipient with financing in an amount equivalent to twenty-two million three hundred thousand Special Drawing Rights (SDR 22,300,000) (“Additional Financing”) to assist in financing the Project.

(E) having satisfied itself as to the feasibility and priority of the Project, by a letter dated July 9, 2023, the United Nations Office of the Resident Coordinator and Humanitarian Coordinator for Yemen has requested the Association to assist in financing the Project, by providing an additional grant in an amount not to exceed one hundred fifty million United States Dollars (\$150,000,000) (“Second Additional Financing”) for the Project.

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

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. The Financial Management Framework Agreement (“FMFA”) (as defined in the Appendix to this Agreement) constitutes an integral part of this Agreement. Without limitation to the provisions of the FMFA, in respect to the Recipient:
 - (a) all references in the FMFA to “Letter Agreement(s)” shall be references to this Agreement;
 - (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 Office for Projects and Services”;
 - (d) all references to the “UN Controller” shall be references to the “UNOPS Comptroller”;
 - (e) all references to the “UN Financial Regulations” shall be references to the “UNOPS 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 Office for Projects Services” 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, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to seventeen million nine hundred thousand Special Drawing Rights

(SDR 17,900,000) (“Financing”), to assist in financing the Part 2 and Part 3.1 of the project described in Schedule 1 to this Agreement (“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 and 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. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is ten (10) years after the Signature Date.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the Regional Director Middle East.

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

(a) the Recipient's address is:

United Nations Office for Project Services
Middle East Region, Operational Hub in Amman
Deir Ghbar
Al-Shakereen Street
P.O. Box 941655
Amman
11194 Jordan; and

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
+962 6 593 1249	banak@unops.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 OFFICE FOR PROJECT SERVICES

By:

Bana Koloti

Authorized Representative

Name: Bana Koloti

Title: Regional Director

Date: 04-Oct-2023

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

Stephane Guimbert

Authorized Representative

Name: Stephane Guimbert

Title: Country Director

Date: 03-Oct-2023

SCHEDULE 1

Project Description

The objective of the Project is to provide essential health, nutrition, water and sanitation services to the population in Yemen.

The Project consists of the following parts:

Part 1: Improving Access to Healthcare, Nutrition, and Public Health Services

Continuing to ensure the delivery of Minimum Service Package (“MSP”) services and strengthen the integration of the primary health care model, through:

1. Improving Access to MSP services at primary healthcare level by ensuring continued delivery of, *inter alia*:
 - (a) MSP services at the primary healthcare level through: (i) critical inputs for the operation of currently supported and additional primary healthcare facilities, including in permanent and temporary fixed sites, through provision of operational costs and essential supplies, health worker per-diems for regular outreaches by health workers, and conducting integrated support supervision; (ii) integrated outreach, including outreach and mobile teams for the population in remote areas and/or for Internally Displaced Persons (IDPs); (iii) support the operating costs and small refurbishments of primary healthcare facilities, including permanent and temporary fixed sites; and (iv) integrated management of childhood illnesses, immunization, nutrition and maternal and newborn services;
 - (b) provision of basic services including: (i) community-based service delivery and referral by community health workers, community midwives, and mental health and psychosocial support service providers; and (ii) mental health and psychosocial support through a network of health and social workers available within the primary health care facilities or in adjacent structures;
 - (c) cholera preparedness and prevention activities such as evidence generation, sustaining and strengthening already-established oral rehydration corners and diarrhea treatment centers, and integrating detection and management or referral of suspected cases in primary healthcare facilities

- (d) services to facilitate community engagement and generate demand for health and nutrition services through, among others, community sensitization activities and promoting key healthy behaviors; and
 - (e) strengthening of non-communicable diseases and reproductive health services at the primary care level, including through: (i) development of protocols, basic medical supplies and training of health-care workers to ensure non communicable disease prevention and care; (ii) minor refurbishment to create the required space/room to conduct deliveries; and (iii) quality of care improvement through clinical mentorship by general practitioners and provision of general practice services in selected health centers.
2. Improving Access to essential preventive and curative nutrition services by ensuring continued delivery of, *inter alia*:
- (a) a package of curative and preventive essential maternal and child nutrition services at primary healthcare facilities and at community level; and
 - (b) support to create an enabling environment to further strengthen scale up of curative and preventive health and nutrition services in Yemen through: (i) strengthening referral services for severe acute malnourished children with medical complication from the outpatient therapeutic feeding programs to therapeutic feeding; (ii) multi-sectoral coordination and fostering stronger linkages with other sectors (such as water, sanitation hygiene, education, agriculture, food security and social protection); (iii) nutrition program reporting and analysis of coverage and performance; (iv) nutrition situation analysis through surveys, assessments, early warning monitoring and analysis; (v) nutrition social mobilization, advocacy and communication; (vi) nutrition institutional capacity building; (vii) nutrition supply chain management; and (viii) support nutrition system technical functions to effectively manage nutrition services and improve quality of data management through nutrition information systems.
3. Improving Access to the MSP at secondary and tertiary healthcare level by ensuring continued delivery of, *inter alia*:
- (a) Support for the management of severe acute malnutrition cases at in-patient therapeutic feeding centers/stabilization centers for patients with complications or who failed home-based outpatient therapeutic program.
 - (b) Basic emergency obstetric and neonatal care, comprehensive emergency obstetric and neonatal care, and other MSP services in targeted referral centers.

- (c) Support to diarrhea treatment centers to manage cholera cases.
 - (d) Support to screen and undertake case management of non-communicable diseases and its complications including diabetes, hypertension, tumors, and mental health and psychosocial support.
 - (e) Support to sustain the national capacity of blood banks.
 - (f) Support to strengthen the capacity of central public health laboratories; and
 - (g) Support to the operationalization of the updated MSP and building stakeholder capacities to implement the updated MSP.
 - (h) Providing training and supportive supervision to the supported health facilities, including focus on awareness-raising for climate change mitigation.
4. Sustaining the National Health System Preparedness and Public Health Programs by, *inter alia*:
- (a) Supporting: (i) disease prevention and public health campaigns; (ii) the integrated nutrition surveillance system to provide ongoing nutrition, health, and food security information to inform decisions in a timely manner; (iii) strengthening systems and resilience-building measures to support the epidemiological and diagnostic laboratory capacity of the local institutions particularly the reference labs at the governorate level; and (iv) disease surveillance, including maintaining the electronic disease early warning system, and monitoring of climate-sensitive diseases through the electronic integrated disease early warning system.
 - (b) Enhancing the preparedness of the public health system to respond to disease outbreaks and to health and nutrition impacts of natural or man-made catastrophes through nationwide rapid response teams at the district and governorate levels to ensure immediate multi-sectoral coordination and response to outbreaks, including through ensuring continuity of essential health and nutrition services and providing such services to areas impacted by climate change.
5. (a) Strengthening the health system capacities at the facility level via training and performance monitoring, including supportive supervision through use of the developed indicator framework; supporting the needs assessment and subsequent rollout of training for health workers; developing policy and guidelines, training, data quality including the establishment of a District Health Information System (DHIS-2)

infrastructure; supporting the facilitation of data collection, analysis and dissemination of findings.

- (b) Strengthening the health system capacities via training and performance monitoring, including supportive supervision through use of the developed indicator framework; capacity-building on financial management through the Harmonized Approach to Cash Transfer (HACT); developing policy and guidelines, training, data quality including the establishment of a District Health Information System (DHIS-2) infrastructure; supporting the facilitation of data collection, analysis and dissemination of findings.

Part 2: Improving Access to Water Supply and Sanitation and Strengthening Local Systems

Continuing to support and improve the provision of water supply and sanitation services for the population of Yemen by rehabilitating medium to large water supply and sanitation infrastructure, prevention and response communicable diseases and strengthening the capacity of the local water and sanitation institutions through:

1. Restoring access and improving quality to water supply and sanitation services in selected urban, pre-urban and rural areas with particular emphasis on priority sanitation needs by *inter alia*:
 - (a) rehabilitating and scaling up of medium to large scale facilities such as water and sanitation infrastructure, main water and sewerage pipelines and networks, water treatment plants, wastewater treatment plants, water wells, pumping and booster stations, related civil works of building and structures, all to improve service provision;
 - (b) rehabilitating public laboratories for water and wastewater quality testing and enhancing capacity and strengthening the operational capacities of the WSLCs and Autonomous Utilities in the target areas in the delivery of water and sanitation services by, *inter alia*, installing small decentralized waste water treatment plants on a pilot basis, purchasing and installing electrical generators; and purchasing, installing and storing operating and maintenance materials;
 - (c) supporting the operation of main water and wastewater facilities by providing electrical materials; and
 - (d) supporting alternative sustainable energy solutions, in particular, solar panels to provide a clean, cost effective, and reliable energy source for disadvantaged areas.

2. Providing emergency support for water, sanitation, hygiene interventions to prevent and respond to communicable diseases through interventions in selected priority urban, pre-urban and rural areas, at decentralized level, including IDPs camps, isolation centers, health centers, schools and local markets, to improve water, sanitary and hygiene practices through *inter alia*:
 - (a) addressing basic needs of water, sanitation hygiene requirements and purchasing related supplies;
 - (b) providing personal protective equipment (PPE) and water, sanitation hygiene non-food items for water and sanitation staff;
 - (c) ensuring water trucking services to key health facilities and IDP camps, and developing and implementing exit strategies;
 - (d) providing spare parts, equipment and necessary supplies (including fuel for emergency situations) for the WSLCs for the benefit of the priority areas for water and wastewater systems (through a combination of sewerage network and non-network solutions), and developing and implementing exit strategies;
 - (e) carrying out wastewater evacuation through water sucking (evacuation) trucks;
 - (f) building or repairing bathrooms for public use in public areas to encourage appropriate hand washing;
 - (g) constructing and operating water distribution points, providing water tanks and water pumps to help the vulnerable communities better adapt to climate change shocks and risk from natural disasters;
 - (h) rehabilitation of water and sanitation systems within facilities premises, connection of water and sanitation system of the facilities to public networks, cleaning of facilities, provision of water tank, water pipes/pumps/taps, handwashing basins, installation of solar-powered system; and
 - (i) support, through technical assistance, active water user associations to facilitate ownership and management of the rehabilitated systems and sustainability of service delivery and maintenance of assets.
3. Providing capacity building to water and sanitation institutions in selected rural areas and WSLCs in urban and pre-urban cities, including provision of *per diems*, procurement and contract management, social and environmental standards, low carbon and climate resilient infrastructure, technical design, asset management,

grievance redress and gender-sensitive citizen engagement and employment. Provision of capacity building and training to local implementing partners, contractors and other agencies at the local level in key project areas, with specific focus on technical skills.

Part 3. Implementation Management and Monitoring and Evaluation

1. Supporting in the implementation, administration, management, monitoring and evaluation, and environmental and social aspects of its Respective Parts of the Project, including: (a) Direct Cost; (b) Indirect Cost; (c) provision of consultancy services required for Project monitoring, evaluation and coordination at local level; (d) conducting independent audits of Project activities; and (e) Third-Party Monitoring.
2. Supporting the provision of technical assistance on system strengthening and service delivery improvement for its Respective Parts of the Project.

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 and in conformity with appropriate administrative, financial, technical, environmental and social standards and practices, and in accordance with the FMFA, the Environmental and Social Commitment Plan (“ESCP”) and the Project Operations Manual, and shall promptly provide the funds, facilities, services, and other resources required for 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 the day-to-day management and implementation of the Project, including the staffing of core functions, including the technical, fiduciary (i.e., procurement and financial management), health and safety, social and environmental aspects of the Project, and coordination of all field activities, as detailed in the Project Operations Manual.
3. To facilitate the implementation of its Respective Parts of the Project, and to sustain and build skills and capacity of the Implementing Partners, the Recipient shall:
 - (a) engage its Implementing Partners pursuant to a partnership or service contract arrangement agreed between the Recipient and said partners and satisfactory to the Association; and
 - (b) make part of the proceeds of the Financing allocated under Category (1) of the table set forth in Section IV.A of this Schedule available to Implementing Partners to implement activities agreed upon under the partnership or service contract arrangement.
4. For purposes of paragraph 3 above, the Recipient shall exercise its rights and carry out its obligations under each contractual arrangement mentioned therein in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing.
5. The Recipient shall facilitate the investment planning process and cross-sectoral coordination through chairing the advisory Technical Committee, consisting of representatives of local public sector and other stakeholders, as may be relevant from time to time.

6. Without limitation to Section E. below, the Recipient shall carry out its supervision and monitoring of its Respective Part of the Project activities, in accordance with its own policies and procedures, and shall share information related to said supervision and monitoring in the detail and frequency as the Association and Recipient shall agree in writing.

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 its 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, concurrently with submission of a Project Report under Section II.A, the Recipient's Internal Audit and Investigation Group shall submit to the World Bank Group's Integrity Vice Presidency a statement confirming whether or not, during the reporting period of the Project Report, Recipient has received any non-frivolous allegations referred to in paragraph (a) above, and a brief description of any such allegations received. The information provided in such statement shall be governed by the confidentiality procedures outlined in the memorandum of understanding between the Recipient and the World Bank Group dated Sept 2, 2019. The costs of preparing such reports will be borne by the Project.
 - (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(c) immediately above, and the results of the implementation of such actions, including where relevant, details of any recovery of funds or writing-off of losses. The Recipient will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Recipient will, in consultation with the Association, credit any funds so recovered to the Association or agree with the Association to use these funds for a purpose mutually agreed upon.
2. In the event that the Association reasonably believes that timely and appropriate action has not been taken by the Recipient under Section I.B.1 above, the Association may request direct consultations at a senior level between the Association and the Recipient in order to obtain assurances that the Recipient's oversight and accountability mechanisms have been and are being fully applied in connection with such allegations. The Recipient and the Association take note of the provisions of Article VIII of the United Nations Financial Regulations and Rules and the Recipient's corresponding relevant provisions in its Financial Regulations and Rules.
 3. The Association may, following consultation with the Recipient, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals of the proceeds of the Financing if the Association reasonably believes the actions taken by the Recipient under Section I.B.1 above have not been sufficient to fulfill its fiduciary obligation with respect to the Financing.
 4. The Association has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in Section I.B.7 below) by any third party, and to sanction any such third party which the Association has determined to have engaged in such practices; provided, however, that in this Section, "third party" does not include the Recipient. To the extent consistent with the Recipient's oversight framework, including its regulations, rules, policies and procedures, and if requested by the Association, the Recipient shall cooperate with the Association in the conduct of such investigations.
 5. Without limitation to the provisions of paragraph B.1 of this Section, the Association retains the right to conduct an investigation in connection with the information referred to in paragraph B.1(a) of this Section and any information provided to the Recipient regarding allegations of corrupt, fraudulent, coercive, or collusive practice in connection with the bidding process, the award, or

implementation of any contract to be or being financed out of the proceeds of the Financing, except that the Association may not investigate the Recipient or other United Nations 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. Implementation Covenants

1. Project Operations Manual

- (a) The Recipient shall not later than three (3) months after Effective Date update, and thereafter implement its Respective Parts of the Project in accordance with the Project Operations Manual (“POM”) under terms satisfactory to the Association, including the rules, methods, guidelines, and procedures set out in the Project Operations Manual including, *inter alia*:
 - (i) detailed description of its Respective Parts of the Project and institutional arrangements for implementing the Project;
 - (ii) monitoring, evaluation, reporting, financial management and accounting, and governance procedures for the Project;
 - (iii) implementation of environmental and social instruments referred to in the ESCP; and
 - (iv) exclusion of financing of activities that use or risk polluting the water of shared or transboundary aquifers.
- (b) In case of any conflict between the arrangements and procedures set out in the Project Operations Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (c) Except as the Association shall otherwise agree, the Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Operations Manual without the prior written agreement of the Association.

2. Periodic Investment Plan and Budget

- (a) The Recipient shall, by not later than two (2) months after the Effective Date, prepare and furnish to the Association an annual investment plan and budget (“Periodic Investment Plan and Budget” or “PIPB”) for the Project for the subsequent year, said Periodic Investment Plan of such scope and detail as the Association shall have reasonably requested.

- (b) The Recipient shall afford the Association a reasonable opportunity to review such Periodic Investment Plan, and, thereafter, the Recipient shall carry out the Periodic Investment Plan as shall have been approved by the Association. Only the activities included in the Periodic Investment Plan shall be eligible for financing.
- (c) The Periodic Investment Plan may be revised by the Recipient as required during Project implementation subject to the Association's prior written approval.

D. Third-Party Monitoring

- 1. No later than three (3) months after the Effective Date, the Recipient shall recruit Third-Party Monitoring Agent(s) and thereafter maintain throughout its Project implementation, said Third-Party Monitoring Agent(s), on the terms of reference satisfactory 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. The Recipient shall share with the Association summary of qualifications of the recommended candidate entity(ies) for the contract of the Third-Party Monitoring Agent(s) prior to concluding the update of the contract. The Association shall have five business (5) 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 a period of three (3) months. The Recipient, upon receipt of the Third-Party Monitoring report from the Third-Party Monitoring Agent(s), shall promptly furnish said report to the Association, and no later than five (5) calendar days from the receipt of the Third-Party Monitoring Agent's report with any comments that the Recipient may have.

F. Environmental and Social Standards

- 1. The Recipient shall, and shall require Implementing Partners, through its respective partnership agreements and regular monitoring, to 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 any instances of Implementing Partners' non-compliance with the Environmental and Social Standards, and shall work with the Yemen Partners to remedy such instances of non-compliance, in a manner consistent with the Environmental and Social Commitment Plan ("ESCP").
- 2. Without limitation upon paragraph 1 above, the Recipient shall, and shall require Yemen Partners, through its respective partnership agreements and regular monitoring, to ensure that the Project is implemented in accordance with the

Environmental and Social Commitment Plan (“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, and 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 Grant for such measures and actions (which action plan shall deemed to be considered 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 a Significant Event related to or having an impact on its Respective Parts of the Project which have, or are likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, 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 of its Respective Parts 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 Implementing through its respective partnership agreements and regular monitoring to, ensure that all bidding documents and contracts for civil works under its Respective Part of the Project include the obligation of contractors, and 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.

G. Contingent Emergency Response

- 1. 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 take ensure that:
 - (a) a manual (“CERC Manual”) 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 the prior written approval by the Association.
2. 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.
3. 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.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall furnish to the Association each Project Report by no later than forty-five (45) days after the end of each calendar semester, covering such six calendar 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 Procurement Plan, prepared under Section III below.
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 or cause to be maintained 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 UNOPS Financial Regulations and Rules, (hereinafter referred to as the Financial Regulations). In accordance with Article 10 of the FMFA, the Recipient shall notify the Association of any changes to these Financial Regulations, that occur after the signing of this Agreement within thirty (30) days of their adoption and shall make them 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 and of all the expenditures paid from such proceeds, 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 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.A.
4. The Recipient shall ensure that the audit of its Respective Parts of the Project is: (a) carried out pursuant to the UNOPS Financial Regulations and Rules; and governed by (b) the Financial Management Framework Agreement. 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 separate terms of reference.
5. The Recipient shall retain, and shall cause its Implementing Partners to retain, until at least one year 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 all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals of the proceeds of the Financing were made.

Section III. Procurement

1. All works, 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, found to be satisfactory to the Association as part of the Periodic Investment Plan and Budget.

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 by not later than thirty (30) days after 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) Goods, works, non-consulting services, and consulting services, Training and Project Operating Costs for its Respective Parts of the Project	16,688,000	100%
(2) Indirect Cost under its Respective Parts of the Project 3% of the total Financing	522,000	100%
(3) Direct Costs under its Respective Parts of the Project	690,000	100%
(4) Emergency Expenditures	0	
TOTAL AMOUNT	17,900,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;
 - (c) for Emergency Expenditures under Category (4), unless and until 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 (4); 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.
2. All withdrawals shall be made on the basis of the interim unaudited financial reports referred to in Section II.B.3 of this Schedule and under such other terms and conditions as the Association shall specify by notice to the Recipient contained in the Disbursement and Financial Information Letter addressed or to be addressed by the Association to the Recipient for purposes of the Financing.
3. Without prejudice to the provisions of Section 8.07 of the General Conditions, in the event that the Association requests a refund of any portion of the proceeds of the Financing that has been used in a manner inconsistent with the provisions of this Agreement, the Association and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.
4.
 - (a) It is understood that the Recipient shall not be responsible for, and shall have no obligation to initiate or continue implementation of, the pertinent activities under its Respective Part of the Project unless the proceeds of the Financing allocated to such activities have been made available to the Recipient.
 - (b) Notwithstanding any suspension of the Financing or any portion of the Financing under this Agreement, the Association will make available to the Recipient the portion of the proceeds of the Financing required to meet

the obligations entered into by the Recipient prior to the date on which the Recipient shall have received the notice of suspension.

5. The Closing Date is June 30, 2025.

Section V. Other Undertakings

1. The Recipient shall not transfer or channel any of the proceeds of the Financing to and/or through any central government entities in the Republic of Yemen.
2. 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.
3. 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.
4. The Recipient may only transfer Personal Data to a third party if, under the circumstances, the Recipient determines in accordance with the foregoing paragraphs 2 and 3, 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.

5. 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.

APPENDIX

Section I. Definitions

1. “Additional Financing Agreement” means the financing agreement signed on July 30, 2022, between the Recipient and the Association for Grant Number E118-RY in an amount equivalent to twenty-two million three hundred thousand Special Drawing Rights (SDR 22,300,000) for the additional financing of the Project.
2. “Alternative Procurement Arrangements” means the procurement arrangements set forth in Section III of Schedule 2 to this Agreement, as permitted by the Association’s “Procurement Regulations for IPF Borrowers”, dated July 2016 and revised November 2017 and August 2018.
3. “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.
4. “Autonomous Utilities” means utilities independently managed by Water and Sanitation Local Corporations, controlled and regulated through the Local Advisory Committee.
5. “Category” means a category set forth in the table in Section IV.A of Schedule 2 to this Agreement.
6. “CERC Manual” means the manual referred to in Section I.G 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 Project Operations Manual.
7. “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.
8. “COVID-19” means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
9. “Direct Costs” means the actual cost of the Recipient that can be directly traced to the deliverables and technical output under its Respective Part of the Project, but excluding Project Operating Costs.
10. “Eligible Crisis or Emergency” means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact within 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.

11. “Emergency Expenditures” means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.G of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
12. “Emergency Action Plan” means the plan referred to in Section I.G 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.
13. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for its Respective Part of the Project, dated August 2023, 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.
14. “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.
15. “ESMF” means Environmental and Social Management Framework.
16. “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and UNOPS, dated October 20, 2008. For purposes of the FMFA, the “World Bank” means the Association and the International Bank for Reconstruction and Development.
17. “Financial Regulations and Rules” means the following financial management regulations and rules of the Recipient.
18. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020, December 21, 2020, April 1, 2021, January 1,

2022, and July 15, 2023), with the modifications set forth in Section II of this Appendix.

19. “IDPs” means internally displaced persons.
20. “Implementing Partner” means contractor, supervising firm, local implementing partners, subnational authorities, and development partners which the Recipient may engage to facilitate implementation of Part 2 of the Project, all satisfactory to the Association.
21. “Indirect Costs” means the indirect costs incurred by the Recipient as a function and in support of its Respective Part of the Project, which cannot be traced unequivocally to the deliverables and technical outputs of the Project.
22. “LMP” means Labor Management Procedure.
23. “Minimum Service Package” or “MSP” means a package of health and nutrition services to local population in Yemen as further detailed POM.
24. “Original Financing Agreement” means the financing agreement signed on July 29, 2021, between the Recipient and the Association for Grant Number D881-RY in an amount equivalent to twenty million eight hundred thousand Special Drawing Rights (SDR 20,800,000) for the financing of the Project.
25. “Periodic Investment Plan and Budget” and “PIPB” each means each annual investment plan, together with the related budget, for the Project approved by the Association pursuant to the provisions of Section I.B.2 of Schedule 2 to this Agreement.
26. “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.
27. “Procurement Plan” means the Recipient’s procurement plan for its Respective Parts of the Project, dated June 10, 2021, as the same shall be updated from time to time with the prior written approval of the Association.
28. “Project Operations Manual” means the manual to be updated in accordance with the provisions of Section 5.01 to this Agreement, including institutional, procurement, social and environmental, reporting arrangements (including form, content,

periodicity of reports to be provided under Section I.B.1 (b) of Schedule 2 to this Agreement), as such manual may be amended from time to time with the written approval of the Association.

29. “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.
30. “Project Operating Costs” Project Operating Costs” means the reasonable incremental expenses of the Implementing Partner for the Recipient’s Respective Parts of Project implementation including vehicle operation for mobile and outreach teams, supervision and monitoring costs, utilities, communication charges, *per diems* and in-country transportation or travel allowances, but excluding salaries and/or incentives of officials of the Republic of Yemen’s civil service and which are not financed under other eligible expenditure categories.
31. “Respective Parts of the Project” means Part 2 and Part 3.1 under Schedule 1 of the Agreement.
32. “SEA-SH/GBV Action Plan” means the sexual exploitation and abuse and sexual harassment / gender-based violence action plan.
33. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
34. “Significant Event” means any significant social, labor, health and safety, security or environmental incident, accident, or circumstance directly 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 beneficiaries receiving support under Respective Parts of 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.
35. “SMP” means Security Management Plan.
36. “Technical Committee” means the advisory committee referred to in Section I.A.5 of Schedule 2 to this Agreement.
37. “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 its Respective Part 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.

38. “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 Section E of Schedule 2 to this Agreement.
39. “Training” means the costs associated with training of personnel, supervisors and managers involved in activities under the Recipient’s Respective Part of the Project based on the Periodic Investment Plan and Budget, 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
40. “Water Sanitation Local Corporation” or “WSLCs” means local water sanitation corporations established by a presidential decree and responsible for managing the urban water sector at the governorate level.
41. “World Bank Group” means the Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Centre for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

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

“(a) from time to time, at the request of either one of them, exchange views on the Project, the Financing, and the performance of their respective obligations under the Legal Agreement;”

5. In Section 5.11 (renumbered as Section 5.09) (*Visits*), paragraphs (a) and (b) are, respectively, modified to read as follows:

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

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

6. Section 6.01 (*Financial and Economic Data*) is deleted in its entirety.

7. Sections 8.02(a) (*Payment Failure*) is modified as follows:

“(a) *Payment Failure.* If the Republic of Yemen has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association or the International Bank for Reconstruction and Development (“Bank”): (i) under any agreement between the Republic of Yemen and the Association or the Bank; or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Republic of Yemen.”

8. Sections 8.02(h) (*Co-financing*) is deleted in its entirety and the remaining sections in Section 8.02 under Article VIII are renumbered accordingly.

9. Sections 9.01 (*Enforceability*), 9.02 (*Failure to Exercise Rights*), and 9.03 (*Arbitration*) under Article IX are, respectively, deleted and replaced with the provisions of Section 21 of the FMFA.

10. Paragraphs 5, 17, 54, 76, 85 and 109 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 74) in the Appendix (*Definitions*) is modified as follows:

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