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**GRANT NUMBER H542-RY**

# **Financing Agreement**

**(Schistosomiasis Control Project)**

**between**

**REPUBLIC OF YEMEN**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated January 6, 2010**

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**GRANT NUMBER H542-RY**

**FINANCING AGREEMENT**

AGREEMENT dated January 6, 2010, entered into between REPUBLIC OF YEMEN (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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) constitute an integral part of this Agreement.
- 1.02. 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, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to fifteen million and eight hundred thousand Special Drawing Rights (SDR 15,800,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are April 1 and October 1 in each year.
- 2.05. The Payment Currency is United States Dollars.

### **ARTICLE III - PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Public Health and Population in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

### **ARTICLE IV - EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Condition of Effectiveness consists of the following, namely, that the Recipient has established a financial management system in accordance with consistently applied accounting standards acceptable to the Association.
- 4.02. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

### **ARTICLE V - REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is the Minister of Planning and International Cooperation.
- 5.02. The Recipient's Address is:

Ministry of Planning and International Cooperation  
P.O. Box 175  
Sana'a  
Republic of Yemen

Facsimile:

9671 250 665  
9671 250 605

5.03. The Association's Address is:

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

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI)	1-202-477-6391

AGREED in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF YEMEN

By /s/ Abdulwahab A. Al-Hajjri

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Shamshad Akhtar

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to decrease the prevalence and intensity of infection of both urinary and intestinal schistosomiasis among school-age children by 2015 in endemic regions of Yemen.

The Project consists of the following parts:

#### Part A: Preventive Chemotherapy for Schistosomiasis Control

Supporting the planning and implementation of two anthelmintic drug delivery strategies, namely: (1) campaign-based preventive chemotherapy using fixed and temporary sites; and (2) routine preventive chemotherapy, through the provision of drugs, laboratory equipment and other goods, consultants' services and training.

#### Part B: Independent Monitoring, Audit and Project Administration

1. Designing a plan for, and implementation of, the independent technical and internal financial audit, and the monitoring and evaluation of the preventive chemotherapy interventions through the provision of goods and consultants' services.
2. Institutional support to PAU related to the Project implementation, external audits and Project monitoring and evaluation.

## **SCHEDULE 2**

### **Project Execution**

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

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

1. The Recipient shall vest the overall responsibility for the implementation of the Project in MOPHP. The Recipient shall ensure that MOPHP shall carry out the Project in accordance with the PIM and, except as the Association shall otherwise agree, shall not amend or waive any provision of the PIM if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

2. For the purpose of ensuring the proper coordination and execution of the Project, the Recipient shall maintain the Steering Committee throughout the duration of the Project. The Steering Committee shall be chaired by the Minister of Public Health and Population, with membership consisting of the deputy Minister of Public Health and Population for primary health care, the head of the GDDCS, the manager of the NSCP, a representative of the MOPIC, and a representative of the MOF. The Steering Committee shall be assisted in the carrying out of its duties by the PAU, with staffing and terms of reference satisfactory to the Association. The functions of the Steering Committee include, inter alia: (a) reviewing policy issues relevant to the achievement of Project development objectives; (b) approving annual work-plans and budgets including the Recipient's financial contribution; (c) reviewing Project progress reports and taking appropriate actions in support of implementation; and (d) reviewing and approving the design and budget of the second phase of implementation at the Project midterm review as well as the design of a follow up phase.

3. The GDDCS shall be responsible for: (a) the day to day Project management; and (b) facilitating coordination between the NSCP and the PAU. The head of the GDDCS shall be responsible for overall Project management.

4. For the purpose of proper implementation of the Project activities, the Recipient shall cause the NSCP to carry out the Project in accordance with the PIM and the detailed campaign-based preventive chemotherapy implementation arrangements acceptable to the Association.

5. The PAU shall: (a) assist the NSCP in the Project implementation; (b) facilitate efforts to conduct the mapping and baseline survey, monitor and evaluate the Project targets, and evaluate the Project results in coordination with the NSCP; (c) carry out procurement, financial, and disbursement management for the Project, including the preparation of withdrawal applications under the Project; (d) ensure that an independent audit of the Project is carried out on an annual basis; (e) prepare the financial and

procurement sections of the quarterly Progress Reports and consolidate such sections with the technical sections prepared by the NSCP for submission to the Steering Committee and the Association; (f) ensure that all reporting requirements set forth in Section II of this Schedule are met; and (g) provide secretarial services to facilitate the activities of the Steering Committee.

6. For the purpose of proper planning and implementation of Part A.1 of the Project, the PAU shall: (a) for the first year of Project implementation, retain an independent financial auditor(s) to verify and certify that the planning and implementation of the pilot campaigns have been conducted in form and substance satisfactory to the Association; and (b) for the remaining duration of the Project implementation, retain an independent financial and technical audit firm to verify and certify that the planning and implementation of the national campaigns have been conducted in form and substance satisfactory to the Association.

**B. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

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

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. The Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods.** All goods required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below goods shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(c) Procurement from United Nations Agencies

The procedures to be followed for National Competitive Bidding under this paragraph shall be those set forth in Law No. 23 of 2007, concerning Government Tenders, Auctions and Stores, and its Regulations, subject to the following additional procedures:

- (i) a Recipient-owned enterprise in the Republic of Yemen shall be eligible to bid only if it can establish that it is legally and financially autonomous, operates under commercial law, and is not a dependent agency of the Recipient;
- (ii) bidding (or pre-qualification, if required) shall not be restricted to any particular class of contractors or suppliers, and non-registered contractors and suppliers shall also be eligible to participate;
- (iii) tenders shall be advertised for at least two (2) consecutive days in two (2) local newspapers of wide circulation;
- (iv) prospective bidders shall be allowed a minimum of thirty (30) days for the preparation and submission of bids, such thirty (30) days to begin with the availability of the bidding documents or the advertisement, whichever is later;
- (v) until national standard bidding documents acceptable to the Association are available, standard bidding documents approved by the Association shall be used, and may be prepared in Arabic;
- (vi) registration shall not be used to assess bidders' qualifications; qualification criteria (in case pre-qualification was not carried out) and the method of evaluating the qualification of each bidder shall be stated in the bidding documents, and before contract award the bidder having submitted the lowest evaluated responsive bid shall be subject to post-qualification;
- (vii) a foreign bidder shall not be required to register or to appoint an agent as a condition for submitting its bid and, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity to register, without let or hindrance; the registration process shall not be applicable to sub-contractors;
- (viii) all bids shall be submitted in sealed envelopes and may be submitted, at the bidder's option, in person or by courier service;
- (ix) all bids shall be opened at the same time in a public bid opening which bidders shall be allowed to attend and which shall follow immediately after the deadline for submission of bids;
- (x) evaluation of bids shall be carried out in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated responsive bidder, without

resorting to the rejection of bids above or below a certain percentage of the pre-bid estimate (bid price bracketing);

- (xi) no bidder shall be requested or permitted to modify its bid after the bid closing date shall have elapsed and bids submitted after the deadline for submission of bids shall be returned to the bidder unopened;
- (xii) post-bidding negotiations with the lowest or any other bidder shall not be permitted;
- (xiii) under exceptional circumstances, the procuring entity may, before the expiration of bid validity, request all bidders in writing to extend the validity of their bids, in which case bidders shall not be requested nor permitted to amend the price or any other condition of their bids; a bidder shall have the right to refuse to grant such an extension without forfeiting its bid security, but any bidder granting such extension shall be required to provide a corresponding extension of its bid security;
- (xiv) price adjustment provisions may be included in contracts for works with a duration of more than eighteen (18) months;
- (xv) rejection of all bids is justified when there is lack of effective competition, or bids are not substantially responsive, however, lack of competition shall not be determined solely on the basis of the number of bidders; and
- (xvi) each contract financed from the proceeds of the Grant shall provide that the contractor or supplier shall permit the Association, at its request, to inspect their accounts and records relating to the performance of the contract and to have such accounts and records audited by auditors appointed by the Association.

### **C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Method</b>
(a) Selection Based on the Consultants' Qualifications
(b) Least Cost Selection
(c) Single-Source Selection
(d) Individual Consultants

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Grant Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods for:		
(a) Drugs	5,980,000	85%
(b) Laboratory equipment and other Goods	510,000	100%
(2) Refund of Preparation Advance	880,000	Amount payable pursuant to Section 2.07 of the General Conditions
(3) Consultants' services, training and workshops	1,580,000	100%
(4) Campaign Costs	6,300,000	100%
(5) Incremental Operating Costs	410,000	100%
(6) Unallocated	140,000	
<b>TOTAL AMOUNT</b>	<b><u>15,800,000</u></b>	

For the purposes of this Schedule:

(a) the term "Incremental Operating Costs" means the expenditures incurred by PAU for the purpose of Project implementation on account of office supplies and stationary, banking charges, communication services, translation services, and labor costs for local support staff but excluding salaries of officials of the Recipient; and

(b) the term "Campaign Costs" means expenditures incurred by MOPHP for the purpose of carrying out Part A.1 of the Project on account of travel costs of MOPHP staff, car rental costs, local transport costs of drugs, water, disposable cups, stationary, fuel, campaign launching workshop costs, microphones' rental costs, and communications.

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is June 30, 2016.

## APPENDIX

### **Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
4. “Financial Management Manual” means the Recipient’s manual acceptable to the Association, describing the internal controls, accounting systems, flow of funds, budgeting, reporting and authorization cycles required for carrying out the Project.
5. “GDDCS” means the Recipient’s General Directorate for Disease Control and Surveillance under the Ministry of Public Health and Population, referred to in Section I.A.3 of Schedule 2 to this Agreement.
6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
7. “MOF” means the Recipient’s Ministry of Finance or any successor thereof.
8. “MOPHP” means the Recipient’s Ministry of Public Health and Population or any successor thereof.
9. “MOPIC” means the Recipient’s Ministry of Planning and International Cooperation or any successor thereof.
10. “NSCP” means the Recipient’s National Schistosomiasis Control Program referred to in Section I.A.4 of Schedule 2 to this Agreement.
11. “PAU” means the Project Administration Unit established by the Recipient within MOPHP pursuant to Section I.A.2 of Schedule 2 to this Agreement.
12. “PIM” means the Recipient’s Project implementation manual, referred to in Section I.A.1 of Schedule 2 to this Agreement, outlining the institutional and

implementation arrangements including, *inter alia*, Project financial management systems, and the manual of procurement procedures agreed with the Association, for the carrying out of the Project, as the same may be amended with the agreement of the Association.

13. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on September 14, 2009 and on behalf of the Recipient on September 28, 2009.
14. "Procurement Guidelines" means the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004 and revised in October, 2006.
15. "Procurement Plan" means the Recipient's procurement plan for the Project, dated November 16, 2009 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. "Steering Committee" means the Recipient's inter ministerial steering committee referred to in Section I.A.2 of Schedule 2 to this Agreement.

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

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

*"Section 2.07. Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank ("Preparation Advance"), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance."

2. Paragraph (i) of Section 6.02 is modified to read as follows:

*"Section 6.02. Suspension by the Association*

... (1) *Ineligibility*. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”