
GRANT NUMBER D765-RY

Financing Agreement

(Restoring Education and Learning Project)

between

UNITED NATIONS CHILDREN'S FUND

(for the benefit of the Republic of Yemen)

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

GRANT NUMBER D765-RY

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between the UNITED NATIONS CHILDREN'S FUND (for the benefit of the Republic of Yemen) ("UNICEF" or "Recipient") and the INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the project as described in Schedule 1 to the Agreement ("Project"), upon the terms and conditions set forth in this Agreement.

WHEREAS: (A) the Recipient, World Food Programme ("WFP") and Save the Children Fund intend to jointly implement the Project as recipients of the respective grants made by the Association to finance the Project, to address immediate needs of the education sector in the Republic of Yemen, and in view of the ongoing conflict situation within the Republic of Yemen;

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

(C) the Recipient, having satisfied itself as to the feasibility and priority of the Project, by a letter dated November 18, 2020, the Recipient, through UN Office of the Resident and Humanitarian Coordinator for the Republic of Yemen requested the Association to assist in financing Parts 1(a)(ii), 1(d), 1(e), and 2.2(a) of the Project (Recipient's "Respective Parts of the Project"); and

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

The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. The Financial Management Framework Agreement ("FMFA") (as defined in the Appendix to this Agreement) constitutes an integral part of this Agreement. Without limitation to the provisions of the FMFA, in respect to the Recipient:
 - (a) all references in the FMFA to "Letter Agreement(s)" shall be references to this Agreement;

- (b) all references to “Trust Fund Grant(s)” shall be references to the Financing referred to in Section 2.01 of this Agreement;
 - (c) all references to “the UN” and to a “UN Organization”, including in particular reference in Section 7 of the FMFA, shall be references to “the United Nations Children’s Fund”;
 - (d) all references to “the UN Controller” shall be references to the “UNICEF Comptroller”;
 - (e) all references to the “UN Financial Regulations” shall be references to the “UNICEF Financial Regulations and Rules”; and
 - (f) all references to the “Parties” in Section 11 of the FMFA shall be a reference to the “Association” and the “United Nations Children’s Fund” or, alternatively, to the “Association” on the one hand and the “United Nations Secretariat”; and all “UN Organisations” (as that term is defined in the FMFA) on the other, if a satisfactory consolidated review mechanism is established.
- 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 thirty-seven million eight hundred thousand Special Drawing Rights (SDR 37,800,000) (“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. The Recipient’s Representative for purposes of taking any action required or permitted to be taken pursuant to this Section is the Comptroller of UNICEF.

ARTICLE III — PROJECT

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the Association confirms that it reasonably believes the actions taken previously in accordance with said Section 9 have not been sufficient to fulfill its fiduciary obligation to ensure that the proceeds of the Financing were used for eligible expenditures; or
 - (b) if, by notice sent to the Recipient pursuant to sub-paragraph (iii)(a) of paragraph 10 of the FMFA, the Association confirms that alternative financial management arrangements mutually acceptable to the Association and the Recipient were not reached within the period stipulated therein; or
 - (c) if, the Association determines at any time that a reference in either paragraph 1 or paragraph 4 of Section II.B of Schedule 2 to this Agreement to the Recipient's financial regulations and rules is incomplete or inaccurate in any material respect; or
 - (d) if, the Association for any reason revokes the application of the Alternative Procurement Arrangements set forth in Section III.1 of Schedule 2 to this Agreement.

ARTICLE V — EFFECTIVENESS; TERMINATION

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is the Country Representative for Yemen.
- 6.02. For purposes of Section 11.01 of the General Conditions:

- (a) the Recipient's address is:

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

With a copy to:

UNICEF, the United Nations Children's Fund
UNICEF House
Three United Nations Plaza
New York, New York 10017

(Attention: The Comptroller)

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

Facsimile: E-mail:
+967 1 206 092 sanaa@unicef.org

(Attention: The Country Representative)

Facsimile: +1 (212) 326-7004

(Attention: The Comptroller)

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

- (a) the Association's address is:

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

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

Telex: Facsimile:
248423 (MCI) or 1-202-477-6391
64145(MCI)

AGREED as of the Signature Date.

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:



Authorized Representative

Name: Marina wes

Title: Country Director

Date: 05-Jan-2021

UNITED NATIONS CHILDREN'S FUND

By:



Authorized Representative

Name: Philippe Duamelle

Title: Representative

Date: 09-Jan-2021

SCHEDULE 1

Project Description

The objective of the Project is to maintain access to basic education, improve conditions for learning and strengthen education sector capacity in selected districts of the Republic of Yemen.

The Project consists of the following parts:

Part 1: Priority Interventions to Sustain Access and Ensure Learning

Improve functioning of schools in Target Districts by:

- (a) Provision of: (i) Training to teachers in schools to ensure quality teaching and learning in classrooms, (ii) Performance-Based Payments (“PBP”) to teachers on school payroll and temporary teachers hired on *ad hoc* basis (“PBP Beneficiary”); and (iii) monetary allowance to rural female teachers.
- (b) Carrying out feeding programs of students in schools.
- (c) Developing, procuring and distributing learning materials to students and teachers.
- (d) Distributing basic school supplies.
- (e) Improving school infrastructure, including, *inter alia*, through rehabilitating water and sanitation facilities, minor classroom repair, and establishing temporary learning facilities.

Part 2: Strengthening Local Capacity and System Resilience

1. **Alternative Learning**

Establish alternative learning programs through:

- (a) Development and rollout of alternative learning programs, including, *inter alia*, distance learning programs, self-education home-based programs, and remedial programs;
- (b) Scaling-up the use of education technologies (including, *inter alia*, TV and radio) to complement learning in schools in Target Districts.

2. **Strengthening Local Capacity for Managing Education**

- (a) Strengthen the capacity of education officials at MOE, governorates and district level by:
 - (i) Conducting a comprehensive education management capacity assessment.
 - (ii) Training of education officials based on the results of the needs assessment mentioned in (i) above.
 - (iii) Providing basic equipment necessary to strengthen education management and information systems (EMIS) and education officials' administrative capacity, through, *inter alia*, implementation of the EMIS strategic roadmap.
- (b) Strengthen school leadership capacity of school principals and administrators through provision of Training required thereof.

Part 3: Project Support, Management, Evaluation and Administration

- (a) Facilitating Project implementation, administration, management, monitoring and evaluation, audit, compliance with ESCP, including:
 - (i) UNICEF's Direct Cost; (ii) UNICEF's Indirect Cost; and (iii) provision of consultancy services required for technical assistance, implementation support and Third-Party Monitoring for the Project.
- (b) Facilitating implementation, administration, management and monitoring and evaluation of its Respective Parts of the Project, including: (i) WFP's Direct Cost; (ii) WFP's Indirect Cost; and (iii) provision of consultancy services required for technical assistance and implementation support for the Project.
- (c) Facilitating implementation, administration, management and monitoring and evaluation of its Respective Parts of the Project, including: (i) SC-UK's Direct Cost; (ii) SC-UK's Indirect Cost; and (iii) provision of consultancy services required for technical assistance and implementation support for the Project.

Part 4: Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall carry out its Respective Parts of the Project with due diligence and efficiency in conformity with appropriate administrative, financial, technical, environmental and social standards and practices and in accordance with the FMFA and the Project Operations Manual and shall promptly provide the funds, facilities, services and other resources required for its Respective Parts of the Project.
2. The Recipient shall establish, not later than four (4) months after the Effective Date, and thereafter maintain, throughout the life of the Project, the Project Management Unit (“PMU”) which shall be responsible for day-to-day management and implementation of its Respective Parts of the Project, including the staffing of core functions, including the technical, fiduciary (*i.e.*, procurement and financial management) aspects of its Respective Parts of the Project, and coordination of all field activities, as detailed in the Project Operations Manual.
3. To facilitate the carrying out of Part 1(e) of the Project, and to sustain and build skills and capacity of the Yemen Partners, the Recipient shall: (a) engage its Yemen Partners pursuant to a partnership or service contract arrangement agreed between the Recipient and said Yemen 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 Yemen Partners to implement activities agreed upon under the partnership or service contract arrangement.
4. The Recipient shall carry out its supervision and monitoring of Project activities, in accordance with its own policies and procedures, and shall submit information related to said supervision and monitoring to the Association in the detail and frequency as the Association and Recipient shall agree in writing.
5. In order to ensure the proper implementation of Part 4 of the Project, the Recipient shall take the following measures:
 - (a) The Recipient shall:
 - (i) prepare and furnish to the Association an operations manual which shall set forth detailed implementation arrangements for Part 3 of the Project (“CERC Part”) consistent with the Recipient’s standard operational arrangements for emergency preparedness

and response, including: (A) specific activities which may be included in the CERC Part, Eligible Expenditures required therefor (“Emergency Expenditures”), and any procedures for such inclusion; (B) procurement methods and procedures for Emergency Expenditures to be financed under the CERC Part being the Recipient’s standard procurement methods and procedures for emergency preparedness and response; (C) documentation required for withdrawals of Emergency Expenditures; (D) environmental and social safeguard management frameworks for the CERC Part, consistent with the Association’s policies on the matter; and (E) any other arrangements necessary to ensure proper coordination and implementation of the CERC Part;

- (ii) afford the Association a reasonable opportunity to review said proposed operations manual;
 - (iii) take into account the Association’s comments on the proposed operations manual and promptly adopt such operations manual for the CERC Part as agreed by the Association (“CERC Operations Manual”);
 - (iv) ensure that the CERC Part is carried out in accordance with the CERC Operations Manual; provided, however, that in the event of any inconsistency between the provisions of the CERC Operations Manual and this Agreement, the provisions of this Agreement shall prevail; and
 - (v) not amend, suspend, abrogate, repeal or waive any provision of the CERC Operations Manual without prior agreement with the Association.
- (b) The Recipient shall undertake no activities under the CERC Part (and no activities shall be included in the CERC Part) unless and until the following conditions have been met in respect of said activities:
- (i) the Recipient has determined that an Eligible Crisis or Emergency has occurred, has furnished to the Association a request to include said activities in the CERC Part in order to respond to said Eligible Crisis or Emergency, and the Association has agreed with such determination, accepted said request and notified the Recipient thereof;
 - (ii) the Recipient has prepared and disclosed all safeguards instruments required for said activities, in accordance with the

CERC Operations Manual, the Association has approved all such instruments, and the Recipient has implemented any actions which are required to be taken under said instruments in advance of said activities.

- (c) Notwithstanding any provision to the contrary in this Agreement, Emergency Expenditures required for the CERC Part shall be procured in accordance with the procurement methods and procedures set forth in the CERC Operations Manual.

B. Anti-Corruption

- 1. The Recipient shall carry out its Respective Parts of the Project subject to the provisions of the General Conditions and the following undertakings:

- (a) In the event that the Recipient or the Association becomes aware of information that indicates the need for further scrutiny of the implementation of the Recipient's Respective Parts of the Project or any expenditures under the proceeds of the Financing (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under the Recipient's Respective Parts of the Project), the Recipient or the Association, as the case may be, shall promptly bring such information to the attention of the appropriate official or officials of the other party, as designated from time to time by each party by written notice to the other party.
- (b) Without limitation to paragraph (a) above, concurrently with submission of a Project Report under Section II.A, the Recipient's Office of Internal Audit and Investigations shall submit to the Association'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. Any information provided under this paragraph that is designated as such by the Recipient's Office of Internal Audit and Investigations will be considered strictly confidential and will only be disseminated within the organization on a strict 'need to know' basis. Information that has previously been provided to the Association on an ad hoc basis under paragraph (a) will not be considered 'Strictly Confidential' unless it was designated as such at the time of initial disclosure, regardless of whether the same information is duplicated in whole or in part in any report to be generated under this paragraph. The Association reserves the right to use strictly confidential information in furtherance of its own investigations under paragraph 4 of this Section I.B, but will notify the Recipient in advance and, upon request, will consult with the Recipient before doing so.

- (c) Following consultation between the Recipient and the Association, the Recipient will, to the extent the information relates to actions within the authority or accountability of the Recipient, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information. For greater clarity on this matter, the Recipient and the Association agree and acknowledge that the Recipient has no authority over, and accordingly shall have no responsibility to investigate, any government official or officials or consultants of the Association.
 - (d) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of the Recipient, the Recipient will take timely and appropriate action in response to the findings of such investigation, in accordance with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures.
 - (e) To the extent consistent with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures, it will keep the Association regularly informed by agreed means of actions taken pursuant to Section I.B.1(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 XIV of the Financial Regulations and Rules ("Financial Regulations") and the Recipient's corresponding relevant provisions in its Financial Regulations and Rules.
 3. The Association may, following consultation with the Recipient, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals of the proceeds of the Financing if the Association reasonably believes the actions taken by the Recipient under Section I.B.1 above have not been sufficient to fulfill its fiduciary obligation with respect to the Financing.
 4. The Association has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in Section I.B.7

below) by any third party, and to sanction any such third party which the Association has determined to have engaged in such practices; provided, however, that in this Section “third party” does not include the Recipient. To the extent consistent with the Recipient’s oversight framework, including its regulations, rules, policies and procedures, and if requested by the Association, the Recipient shall cooperate with the Association in the conduct of such investigations.

5. Without limitation to the provisions of paragraph B.1 of this Section, the Association retains the right to conduct an investigation in connection with the information referred to in paragraph B.1(a) of this Section and any information provided to the Recipient regarding allegations of corrupt, fraudulent, coercive, or collusive practice in connection with the bidding process, the award, or implementation of any contract to be or being financed out of the proceeds of the Financing, except that the Association may not investigate the Recipient or other UN agency. In all such investigations, the Recipient agrees to facilitate such investigations.
6.
 - (a) The Recipient will require any third party commercial entity with which it has a long-term arrangement or to which it intends to issue a purchase order or a contract financed with the proceeds of the Financing to disclose to the Recipient whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group. The Recipient will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts during the Project implementation.
 - (b) If the Recipient intends to issue a contract in connection with its Respective Parts of the Project with a party that has disclosed to the Recipient that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) the Recipient will so inform the Association, before signing such contract; (ii) the Association then may request direct consultations at a senior level, if required, between the Association and the Recipient to discuss the Recipient’s decision; and (iii) if after such consultation, the Recipient elects to proceed with the issuance of the contract, the Association may inform the Recipient by notice, that the proceeds of the Financing may not be used to fund such contract.
 - (c) Any portion of the proceeds of the Financing received by the Recipient under this Agreement that may have been used to fund a contract in respect of which the World Bank Group has exercised its right under paragraph 6(b)(iii) immediately above, shall be used to defray the amounts requested by the Recipient in any subsequent withdrawal application, if any, or will be treated as a balance in favor of the Recipient in the calculation of the final balances prior to the Closing Date.

7. For the purposes of the provisions of this Section I.B, the following definitions of sanctionable practices shall apply:
 - (a) “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
 - (b) “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
 - (c) “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; and
 - (d) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

C. Project Operations Manual

1. The Recipient shall adopt, within four (4) months of the Effective Date, and thereafter carry out its Respective Parts of the Project in accordance with the project operations manual (“Project Operations Manual”, or “POM”), setting forth rules, methods, guidelines, and procedures for the carrying out of the Project, including, *inter alia*:
 - (a) detailed description of its Respective Parts of the Project and institutional arrangements for implementing the Project;
 - (b) monitoring, evaluation, reporting, and governance procedures for the Project; and
 - (c) detailed procedures for disbursing PBPs under Part 1(a)(ii) of the Project, including, *inter alia*, payment methods, verification mechanisms, quality assessment procedures, payment approval process, and related monitoring and reporting requirements.
2. In the event that any provision of the POM shall conflict with any provision of this Agreement, the provisions of this Agreement shall prevail.
3. The Recipient shall ensure that the parts of the POM pertinent to Parts of the Project implemented by Recipient are not amended without the prior written agreement of the Association.

D. Third-Party Monitoring

1. No later than four (4) months after the Effective Date, the Recipient shall hire and maintain throughout Project implementation, 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, including, without limitation, Third-Party Monitoring of the Payment Activities to be carried out under Parts 1(a)(ii) and 1(a)(iii) of the Project. Names of the candidate entities that have bid for the contract of the Third-Party Monitoring Agent(s) will be shared with the Association prior to bid evaluation. The Association shall have five business (5) days to raise any concerns with the Recipient regarding the candidate entities.
2. With respect to Parts 1(a)(ii) and 1(a)(iii), the Recipient shall cause Third-Party Monitoring Agents to carry out, once every semester, throughout Project implementation, verification exercises of Payment Activities, including community and focus group surveys, beneficiary spot checks, review of data provided and records kept by the relevant Payment Agenc(ies) i in relation to the Payment Activities, in accordance with the provisions of the POM.
3. Each monitoring report prepared by the Third-Party Monitoring Agent(s) shall cover a period of six (6) months. The Recipient shall, after its review, and no later than 15 days after its receipt, make available such monitoring report to the Association.

E. Teacher- Related- Payment Agenc(ies)

1. In order to assist the Recipient in making (a) PBPs under Part 1(a)(ii) of the Project, and (b) monetary allowances to female rural teachers under Part 1(a)(iii) of the Project, (collectively, “Teacher-Related Payments”), the Recipient shall hire Payment Agenc(ies) under a partnership and/or service contract agreement (“Payment Agency Agreement”) between the Recipient and the Payment Agency, under terms of reference satisfactory to the Association, which shall require the Payment Agenc(ies) to:
 - (a) carry out those activities under said Part of the Project which are located within its assigned region or jurisdiction and specified in the Implementation Agreement (“Payment Activities”), in accordance with the provisions of the Financing Agreement and Project Operations Manual; and
 - (b) without limitation on the foregoing, ensure that: (i) the performance of the Payment Activities is implemented in accordance with the provisions of the Project Operations Manual and performance of PBPs is implemented in accordance with Section I.F of this Schedule; (ii) all goods, services, Training and Operating Costs required for the Payment Activities and to

be financed out of the proceeds of the Financing shall be procured in accordance with the provisions of Section III of this Schedule 2; and (iii) the Payment Activities shall be monitored and evaluated in accordance with the provisions of Section I.F(4) of this Schedule 2.

2. The Recipient shall not make available any portion of the Financing to a Payment Agency until a Payment Agency Agreement has been executed between the Recipient and such Payment Agency.
3. The Recipient shall exercise its rights and carry out its objectives under each Payment Agency Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the terms of reference under which the Payment Agency has been engaged.

F. Teacher-Related Payments under Part 1(a) of the Project

1. Performance Based Payments

The Recipient shall ensure that the Payment Agenc(ies) make PBPs under Part 1(a)(ii) of the Project, on behalf of the Recipient, to PBP Beneficiaries, using procedures and a transfer and verification mechanism acceptable to the Association, and as further described in this Section I.F and the Project Operations Manual.

2. The Recipient shall cause the Payment Agenc(ies) to:
 - (a) ensure that each PBP does not exceed levels and duration specified in the POM;
 - (b) select PBP Beneficiaries in accordance with the eligibility criteria set forth in Section I.F(3) below and the POM; and
 - (c) pay the PBP directly to the PBP Beneficiary, in accordance with the provisions and procedures set out in the POM.

3. Performance-Based Payments Eligibility

No proposed PBP Beneficiary shall be eligible for financing under Part 1(a)(ii) of the Project unless, on the basis of a review conducted in accordance with this Section I.F and the POM, the proposed PBP Beneficiary is deemed to satisfy the

eligibility criteria specified below and in further detail in the POM, which shall include the following:

- (a) the proposed PBP Beneficiary's identity has been verified in accordance with the procedures established in the POM;
 - (b) the proposed PBP Beneficiary has provided a written confirmation of his/her employment with the school; and
 - (c) the proposed PBP Beneficiary has attended school and performed his/her professional duties for at least 75% of the previous calendar month.
4. Recipient shall cause verification of the Payment Activities as provided in Section I.D of Schedule 2 to this Agreement.

G. Annual Work Plan and Budget

1. The Recipient shall prepare and furnish to the Association, not later than April 30 of each year, starting April 2021, an Annual Work Plan and Budget, in line with the academic year cycle, containing all activities proposed to be included in the Project and a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts, sources of financing and eligible costs.
2. The Recipient shall to afford the Association a reasonable opportunity to exchange views on such proposed Annual Work Plan and Budget and thereafter ensure that the Relevant Parts of the Project are implemented in accordance with such Annual Work Plan and Budget as shall have been agreed to by the Recipient and the Association.
3. The Recipient may revise Annual Work Plans and Budgets as needed during Project implementation subject to the Association's prior written approval.

H. Environmental and Social Standards

1. The Recipient shall ensure that that its Respective Parts of the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that its Respective Parts of 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 ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

- (b) sufficient funds from the Financing are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation from the Financing for such measures and actions (which action plan shall be deemed 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 Significant Event related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers 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 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 ensure that all bidding documents and contracts for civil works under its Respective Parts of the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester, or with such frequency as the Association and the Recipient shall agree in writing. The Recipient shall ensure that each Project Report contains an update on the implementation of the activities under the Procurement Plan.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall maintain a financial management system, including records and accounts, adequate to reflect the transactions related to its Respective Parts of the Project, in accordance with the applicable policies, procedures, and guidance provided in the Financial Regulations. In accordance with Article 10 of FMFA, Recipient shall notify Association of any changes to these Financial Regulations, that occur after the signing of this agreement within thirty (30) days of their effective date, and shall make them available via the 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 in a manner that allows for the clear and separate identification of the activities financed by the Association.
3. The Recipient will 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 exclusively by the UN Board of Auditors in accordance with Article XIV of the Financial Regulations; and (b) governed by the Financial Management Framework Agreement. In addition, if agreed by the Recipient and the Association, the Recipient will 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 or pursuant to the standard practice of the Recipient, whichever is longer, after the Association has received the final interim unaudited financial report referred to in the Disbursement and Financial Information Letter referenced in Section IV(A) all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals of the proceeds of the Financing were made.

Section III. Procurement

1. All goods, non-consulting services and consulting services required for the Recipient's Respective 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 Annual Work 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.

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) Teacher Related Payments under Parts 1(a)(ii) and 1(a)(iii) of the Project	10,383,000	100%
(2) Goods, works, non-consulting services, and consulting services for Parts 1(d), 1(e) and 3(a)(iii) of the Project	19,642,000	
(3) UNICEF's (a) Direct Cost under Part 3(a)(i) of the Project (b) Indirect Cost (5%) under Part 3(a)(ii) of the Project	(a) 5,975,000 (b) 1,800,000	
(4) Goods, non-consulting services, and consulting services for Parts 1(b) and 3(b)(iii) of the Project	0	
(5) WFP's (a) Indirect Cost (4%) under Part (b)(ii) of the Project (b) Direct Cost under Part 3(b)(i) of the Project	0	
(6) Goods, non-consulting services, and consulting services for Parts 1(a)(i), 1(c), 2.1, 2.2(b) and 3(c)(iii) of the Project	0	

(7) SC-UK's (a) Indirect Cost (11%) under Part 3(c)(ii) of the Project (b) Direct Cost under Part 3(c)(i) of the Project	0	
(8) Emergency Expenditures	0	
TOTAL AMOUNT	37,800,000	

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;
 - (b) under Category (1) until Recipient has adopted detailed Teacher-Related Payment procedures as part of the POM; and
 - (c) under Category (8), unless the following undertaking has been fulfilled, namely, that the United Nations has declared an emergency, and the Recipient has on that basis made a request to finance activities, which will previously have been agreed with the Association, through the CERC Operations Manual in accordance with Section I.2 of Schedule 2 of this Agreement.
2. All withdrawals shall be made on the basis of the interim unaudited financial reports referred to in Section II.B.3 of this Schedule and under such other terms and conditions as the Association shall specify by notice to the Recipient contained in the Disbursement and Financial Information Letter addressed or to be addressed by the Association to the Recipient for purposes of the Financing.
3. Without prejudice to the provisions of Section 8.07 of the General Conditions, in the event that the Association requests a refund of any portion of the proceeds of the Financing that has been used in a manner inconsistent with the provisions of this Agreement, the Association and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.
4. (a) It is understood that the Recipient shall not be responsible for, and shall have no obligation to initiate or continue implementation of, the pertinent

activities under the Project unless the proceeds of the Financing allocated to such activities have been made available to the Recipient.

- (b) Notwithstanding any suspension of the Financing or any portion of the Financing under this Agreement, the Association will make available to the Recipient the portion of the proceeds of the Financing required to meet the obligations entered into by the Recipient prior to the date on which the Recipient shall have received the notice of suspension.

5. The Closing Date is December 16, 2024.

APPENDIX

Section I. Definitions

1. “Alternative Procurement Arrangements” means the procurement arrangements set forth in Section III of Schedule 2 to this Agreement, as permitted by the Association’s *Procurement Regulations for IPF Borrowers*, dated July 2016 and revised November 2017 and August 2018.
2. “Anti-Corruption Guidelines” means for purposes of paragraph 5 of the Appendix to the General Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CERC Operations Manual” means the manual referred to in Section I.A.2.(a) and Section IV.B.1(c) of Schedule 2 to this Agreement, agreed to with the Association, setting forth an action plan for immediate proposed response, including an indicative budget, a list of activities, and modalities for implementing such activities to support the Republic of Yemen in an event of an Eligible Crisis or Emergency.
5. “Direct Costs” means the actual cost of the Recipient that can be directly traced to the deliverables and technical output on account of project management and supervision under its Respective Parts of the Project, excluding Operating Costs.
6. “Emergency” means the occurrence of an event of emergency within the territory of the Republic of Yemen as a result of cholera outbreak, for which the following notification has been issued: <http://www.who.int/emergencies/yemen/en/>.
7. “Eligible Crisis or Emergency” means the occurrence of a natural disaster, crises or an event of emergency within the territory of the Republic of Yemen or regarding which either the Republic of Yemen, the international community or the United Nations has issued an emergency declaration.
8. “Emergency Expenditure” means any of the eligible expenditures set forth in the Emergency Response Manual in accordance with the provisions of Section I.(A)(5) of Schedule 2 to this Agreement, and required for the Emergency Response Part.
9. “Emergency Response Part” means a specific activity or activities to be carried out in the event of an Eligible Crisis or Emergency under Part 4 of the Project.
10. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 29, 2020, 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.

11. “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.
12. “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and the United Nations Children’s Fund, dated November 4, 2016. For purposes of the FMFA, the “World Bank” means the Association and the International Bank for Reconstruction and Development.
13. “Financial Regulations and Rules” means the following financial management regulations and rules of the Recipient: The United Nations Children’s Fund Financial Regulations and Rules E/ICEF/2011/AB/L.8.
14. “General Conditions” means the “International Development Association General Conditions for IDA Financing, Investment Project Financing”, dated December 14, 2018 (revised on August 1, 2020), with the modifications set forth in Section II of this Appendix.
15. “Implementation Agreement” means each agreement referred to in Section I.E of Schedule 2 to this Agreement between the Recipient and an Implementing Agent.
16. “Implementing Agent” means a legal entity selected in accordance with the criteria set forth in the POM and with whom the Recipient shall enter into an agreement

pursuant to Section I.E of Schedule 2 to this Agreement for the purpose of implementing PBFs under Part 1(a)(ii) of the Project.

17. “Indirect Costs” means the indirect costs incurred by Recipient as a function and in support of the Project, which cannot be traced unequivocally to the deliverables and technical output of the Project.
18. “Operating Costs” means, for the purpose of the Recipient’s Respective Parts of the Project, the reasonable incremental costs incurred on account of Project implementation, including, vehicle rental, operation, maintenance and repair, community-based services, supervision and monitoring costs, rental of office space and equipment maintenance and repair, utilities, communication charges, bank charges, communication, translation and interpretation, *per diems* and in-country transportation or travel allowances, salaries of contracted employees (but excluding the salaries of the Republic of Yemen civil service).
19. “Payment Activities” means teacher-related payments under Parts 1(a)(ii) and 1(a)(iii) carried out by Payment Agencies.
20. “PBF” means performance-based financing.
21. “PBP Beneficiary” means teachers on the official school payroll and temporary teachers hired on an *ad hoc* basis eligible to receive Performance Based Payments under Part 1(a)(ii) of the Project.
22. “Procurement Plan” means the Recipient’s procurement plan for the Project containing a description of Recipient’s procurement activities, as the same shall be updated from time to time with the concurrence of the Association.
23. “Project Operations Manual” means the manual, satisfactory to the Association, and referred to in Section I.C of Schedule 2 to this Agreement, as the same may be amended from time to time with agreement of the Association.
24. “Respective Parts of the Project” means Parts 1(a)(ii), 1(d), 1(e), and 2.2(a) under Schedule 1 of this Agreement.
25. “SC-UK” means Save the Children Fund, a limited liability and registered charity, with charity number 213890.
26. “Signature Date” means the latest of the two dates on which the Recipient and the Association signed this Agreement and such definition applied to all references to “the date of the Financing Agreement” in the General Conditions.
27. “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.

28. “Target District” means the districts and governorates where Part 1 of the Project is being carried out, a list of which is subject to agreement and revisions per the agreed upon methodology with the Association, with the Association’s prior written approval.
29. “Third-Party Monitoring” means monitoring activities of the Recipient (including, *inter alia*, periodic site visits, assessment of local context and conditions, interviews, awareness raising, Training and preparation of reports) to be carried out by a Third-Party Monitoring Agent with the purpose of carrying out satisfactory monitoring and evaluation of the activities of the Project in the areas where the Recipient has limited or no access due to the current conflict situation in the territory of the Republic of Yemen.
30. “Third-Party Monitoring Agent” means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management, procurement, and environmental safeguards aspects of such development projects, to be engaged by the Recipient for carrying out Third-Party Monitoring in accordance with relevant terms of reference developed in consultation with the Association.
31. “Training” means the costs associated with training of personnel, supervisors and managers involved in activities under the Recipient’s Respective Parts of the Project, such term including seminars, and workshops, and associated travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation of the training.
32. “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.
33. “Yemen Partners” means the local agencies that the Recipient may engage to facilitate implementation of Part 1(e) of the Project, and who are involved in the implementation of other projects financed by the Association, or other development agencies, all satisfactory to the Association.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

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

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

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

“(b) The Recipient shall enable the Association’s representatives: (i) to visit any facilities and construction sites included in the Project; and (ii) to examine the goods financed out of the proceeds of the Financing for the Project, and any plants, installations, sites, works, buildings, property, equipment, relevant to performance of its obligations under the Legal Agreement.”
6. Section 6.01 (*Financial and Economic Data*) is deleted in its entirety.
7. Section 8.02(a) (*Payment Failure*) is modified as follows:

(a) “Paragraph (a) on *Payment Failure* is replaced with the following: If the Republic of Yemen has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charges or any other amount due to the Association or the

International Bank for Reconstruction and Development (“Bank”):
(i) under any agreement between the Republic of Yemen and the Association or the Bank; or (ii) in consequence of any guarantee extended or other financial obligation of any kind assumed by the Association or the Bank to any third party with the agreement of the Republic of Yemen.”

8. Section 8.02(h) (*Co-financing*) is deleted in its entirety and the remaining sections in Section 8.02 under Article VIII are renumbered accordingly.
9. Sections 9.01 (*Enforceability*), 9.02 (*Failure to Exercise Rights*), and 9.03 (*Arbitration*) under Article IX are, respectively, deleted and replaced with the provisions of Section 21 of the FMFA.
10. Paragraphs 5, 17, 55, 78, 87 and 109 of the Appendix (*Definitions*) are, respectively, deleted in their entirety and the remaining paragraphs in the Definitions are renumbered accordingly.
11. Paragraph 79 and 94 (now renumbered as paragraph 75 and 92, respectively) 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.”

“94. “Recipient” means the party to the Financing Agreement to which the Grant is extended.”