May 21, 2013

H.E. Dr. Mohammed Saed Al-Sadi
Minister of Planning and International Cooperation
Ministry of Planning and International Cooperation
P. O. Box 175
Sana’a, Republic of Yemen

Re: MNA-RETF MDTF Grant Number TF014501
Enhancing Governance through Public Procurement Reform Project

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Yemen ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("IBRD") and the International Development Association ("IDA") (collectively, the "Bank"), acting as administrator of grant funds provided by Ministry of Foreign Affairs of the Kingdom of Denmark, the Danish International Development Agency (DANIDA), Ministry of Foreign Affairs of the Kingdom of Finland, Ministry of Foreign Affairs of Norway, and the United Kingdom Department for International Development (DFID) ("Donor(s)" under the Middle East and North Africa (MNA) Region-wide Technical Assistance Multi-Donor Trust Fund (MNA-RETF MDTF), proposes to extend to the Recipient a grant from the MNA-RETF MDTF in an amount not to exceed three hundred two thousand four hundred United States Dollars (U.S.$302,400) ("Grant") on the terms and conditions set forth in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement
shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within thirty (30) days after the date of signature of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Hartwig Schafer
Country Director for Yemen, Egypt and Djibouti
Middle East and North Africa Region

AGREED:
REPUBLIC OF YEMEN

By

Authorized Representative

Name. Dr. Mohammed Saleh Al-Sadi

Title. Minister of Planning and International Cooperation

Date. June 11, 2013

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

(3) “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

(4) “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to support the Recipient in implementing its economic governance reforms by providing institutional capacity building to selected national agencies at the centralized and decentralized levels. The Project consists of the following parts:

a) Improving efficiency and governance of the targeted procurement implementing entities:

This component will include technical assistance and training to address the shortcomings in the capacity of the technical supervisory unit of the Ministry of Public Works (which is the main line ministry supervising high value road contracts. This will mainly include but not limited to preparing and delivering training program in procurement reform and contract management to, Ministry of Public works, Sana’a Governorate (Sana’a City Municipality), Aden Governorate, Hadramout Governorate, and COCA.

b) Awareness Building Component:

The training program will be targeting approximately 200 contractors to improve their access and responsiveness to bidding opportunities and increase their awareness on the new procurement reform environment. Bidders will be made aware of their rights and obligations as well as the correct way of preparing responsive bids. This will include delivering of training an explanation of the anti-corruption provisions in the standard bidding documents.

c) Civil society organizations:

Training program to be delivered to three civil society organizations to promote their participation and increase their awareness on the new procurement reform environment. Civil society will be aware about their rights and the way of monitoring the implementing agencies, including ensuring they understand and help to promote/enforce the anti-corruption provisions in the standard bidding documents.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through its High Tender Board in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, take all measures required on its part to enable the representatives of the Donor(s) to visit any part of the Recipient’s territory for purposes related to the Project.

2.04. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of six months, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. **Procurement.** All consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011 (“Consultant Guidelines”).
2.06. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

Article III
Withdrawal of Grant Proceeds

3.01. Eligible Expenditures. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 100% of Eligible Expenditures consisting of consultants’ services, Training and Workshops, inclusive of Taxes.

For the purposes of this paragraph, the term "Training and Workshops" means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services).

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is two years after the date of countersignature of this Agreement by the Recipient.

Article IV
Recipient’s Representative; Addresses

4.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister for Planning and International Cooperation.

4.02. Recipient’s Address. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

 Ministry of Planning and International Cooperation
 P. O. Box 175
 Sana’a
 Republic of Yemen
4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Facsimile: 1-202-477-6391