

TRANSMITTAL OF OFFICIAL DOCUMENTS

TO: Official Documents Desk

DATE: April 23, 2004

FROM: Ghada Youness, Senior Counsel, LEGMS *gy*

EXTENSION: 89432

SUBJECT: ***YEMEN: Grant No.TF053479 Dutch Grant for Education for All Fast Track Initiative)***
Grant Letter Agreement

Attached is the original of Official Document described below for safekeeping and IRIS4 filing.

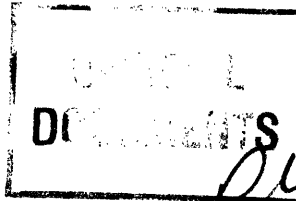
Description of Document(s)	Notes/Comments										
<p>Original Grant Letter Agreement dated April 23, 2004, signed by Mr. Christiaan J. Poortman, Regional Vice President, Middle East and North Africa Region, and agreed by Mr. Ahmed Mohamed Sofan, Deputy Prime Minister and Minister of Planning and International Cooperation, Republic of Yemen, in reference to the above-mentioned Grant.</p>											
<table border="1" style="margin-left: auto; margin-right: auto;"><tr><td colspan="2" style="text-align: center;">LEGAL VPU - SCANNED IN IRIS</td></tr><tr><td>Accession No. <i>04-006</i></td><td>Box No. <i>18</i></td></tr><tr><td>PG</td><td>Log No.</td></tr><tr><td>Action</td><td>Note</td></tr><tr><td>FILE</td><td><i>Off doc</i></td></tr></table>		LEGAL VPU - SCANNED IN IRIS		Accession No. <i>04-006</i>	Box No. <i>18</i>	PG	Log No.	Action	Note	FILE	<i>Off doc</i>
LEGAL VPU - SCANNED IN IRIS											
Accession No. <i>04-006</i>	Box No. <i>18</i>										
PG	Log No.										
Action	Note										
FILE	<i>Off doc</i>										

No. of Pages attached: 8

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS



April 23, 2004

H.E. Dr. Ahmed Mohamed Sofan
Deputy Prime Minister
Minister of Planning and International Cooperation
Ministry of Planning and International Cooperation
P.O. Box 175
Sana'a, Republic of Yemen

Re: Dutch Grant for Education for All Fast Track Initiative
Grant Number TF053479

Excellency:

I am writing on behalf of the International Bank for Reconstruction and Development and the International Development Association (collectively the Bank) to indicate the Bank's agreement, as administrator of grant funds provided under the Bank-Netherlands Partnership Program (BNPP) (the Administrator), to make a grant in an amount not exceeding ten million United States dollars (US\$10,000,000) (the Grant) to the Republic of Yemen (the Recipient).

The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

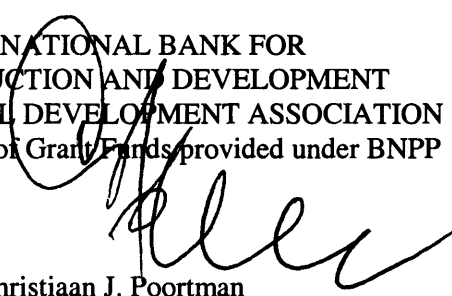
The Administrator has received from the Recipient a letter, dated January 4, 2004, with an EFA Operational Plan as a portion of the Recipient's Basic Education Development Strategy (BEDS) which specifies policies and objectives designed to achieve basic education for all in Yemen. The operational plan contains a program of actions to be executed during a period of twelve (12) months in the Recipient's territory (hereinafter called the Program), declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Administrator in support of the Program during the execution thereof.

Please note that it is the Bank's policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,


INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
As Administrator of Grant Funds provided under BNPP



Christiaan J. Poortman
Regional Vice President
Middle East and North Africa

AGREED:

REPUBLIC OF YEMEN

By 
Authorized Representative
Name _____
Title _____
Date _____

ANNEX

Purposes, Terms, and Conditions of the Grant

1. **Purposes and Activities**

1.1. The purpose of the Grant is to assist the Recipient, through the Ministry of Education, to: (i) increase enrollment with a special focus on girls in the most underserved governorates and districts; (ii) enhance the quality of learning in the basic education system; and (iii) build and improve capacity for planning, managing, implementing and monitoring the primary educational programs. The activities within the Program (the Activities) supported by the Grant are as follows:

(a) **Increasing enrollment with focus on girls in under-served governorates**

Support to increase enrollment with a focus on girls in the age group 6 through 14 in the governorates of Al-Baidha, Al-Hodaidah, Dhamar, Hajjah and Shabwah through: (i) building 340 new classrooms with toilets and boundary walls; (ii) building 40 new multi-grade classrooms in isolated rural areas; (iii) adding facilities for 40 existing schools that promote girls' education to improve the school environment for girls and children with special needs; (iv) providing 40 furnished houses to encourage female teachers to work in rural areas; (v) building a six classrooms female training institute in rural areas in the governorate of Shabwah; (vi) providing 250,000 school kits to pupils in rural areas; and (vii) implementing a rehabilitation program for classrooms in the governorates of Lahj and al-Jouf and building a teacher training center in Shabwa.

(b) **Improving the quality of basic education**

Support to improve the quality of basic education country wide through: (i) provision of learning resources for all education staff; (ii) provision of training equipment for teacher training institutes; (iii) carrying out training for trainers, teachers and inspectors at both central and regional levels; (iv) provision of office equipment for the General Directorate of Guidance; (v) provision of 16 vehicles to inspectors offices for schools' visits within each governorate; (vi) provision of technical training and equipment for establishing the measurement and evaluation center; (vii) provision of furniture, computers and equipment for the General Directorate of Curriculum; and (viii) preparing a survey for the material teaching needs based on basic education curriculum.

(c) **Capacity Building**

Support the capacity building of the Ministry of Education in the area of educational activities planning and management including: (i) conducting workshops to train educational staff; (ii) carrying out on-job training in planning and implementation; (iii) provision of technical assistance to governorates; (iv) setting up performance indicators and a reporting system; (v) training inspectors and headmasters on monitoring and reporting system; (vi) facilitating the administration and the monitoring of the impact of the Grant; and (vii) provision of equipment such as computers, photocopiers for the Recipient's technical team to facilitate BEDS/FTI implementation and monitoring.

2. Execution of the Activities

2.1. The Recipient shall, through the Ministry of Education, carry out the Activities under the Program with due diligence and efficiency, promptly provide the funds, facilities, services and other resources required for that purpose; and from time to time exchange views with the Administrator's representatives on the progress and results of the Activities. Without limitation on the foregoing, the Recipient shall prepare and not later than July 31, 2005 furnish to the Administrator a final report, in form and substance satisfactory to the Administrator, on the results and impact of the Activities financed by the Grant.

3. Withdrawal of Grant Proceeds

3.1. Withdrawals from the proceeds of the Grant shall be made in three (3) tranches as follows:

	Amount of the Grant Allocated <u>(in United States dollars)</u>	% of Expenditures <u>to be Financed</u>
(1) First Tranche	3,000,000	100%
(2) Second Tranche	3,000,000	100%
(3) Third Tranche	4,000,000	100%
TOTAL	<u>10,000,000</u>	

3.2. Notwithstanding the provisions of paragraph 3.1 above, no withdrawals shall be made from the Grant Account after April 30, 2005 or such later date that the Administrator shall establish in agreement with the Recipient (the Closing Date). However, withdrawals may be made after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by the Administrator within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled.

3.3. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Administrator a written application for withdrawal of such amount in the form specified by the Administrator. Withdrawal applications shall be: (a) signed on behalf of the Recipient by the Minister in charge of Planning and International Cooperation or such other person as he or she shall have authorized in writing; and (b) accompanied by such evidence in support of the application as the Administrator shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Administrator that the Recipient is entitled to withdraw such amount from the Grant Account. The Administrator shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient as set forth in paragraph 4 below.

3.4. The Recipient shall open, prior to furnishing to the Administrator the first request for withdrawal from the Grant Account, and thereafter maintain in its central bank, a deposit account

in United States dollars on terms and conditions satisfactory to the Administrator (the "Deposit Account"). All withdrawals from the Grant Account shall be deposited by the Administrator into the Deposit Account.

4. Disbursement of the Grant

4.1. The Administrator shall arrange to have the funds of the Grant released to the Recipient in tranches as follows:

(a) the First Tranche of three (3) million United States dollars upon receipt by the Administrator of: (i) a copy of this Letter Agreement duly countersigned by the Recipient; (ii) satisfactory evidence that the Deposit Account has been duly opened; (iii) a written application for withdrawal of such funds in the form specified by the Administrator as per paragraph 3.3 above and (iv) receipt of funds from the Netherlands;

(b) the Second Tranche of three (3) million United States dollars on September 1, 2004, upon receipt by the Administrator of: (i) a report on the satisfactory progress under the Program as per the Operational Plan; (ii) a written application for withdrawal of such funds in the form specified by the Administrator as per paragraph 3.3 above; and (iii) receipt of funds from the Netherlands; and

(c) the Third Tranche of four (4) million United States dollars on December 31, 2004, upon receipt by the Administrator of: (i) a report on the satisfactory progress under the Program as per the Operational Plan; (ii) a written application for withdrawal of such funds in the form specified by the Administrator as per paragraph 3.3 above; and (iii) receipt of funds from the Netherlands.

4.2. Except as the Administrator shall otherwise agree, procurement of goods, works and services required for the carrying out of Activities and to be financed out of the proceeds of the Grant shall be governed by the Guidelines on "Procurement under IBRD Loans and the Bank Credits" dated January 1995 and revised in January and August 1996, September 1997, and January 1999, and on the "Selection and Employment of Consultants by World Bank Borrowers" dated January 1997, and revised in September 1997, January 1999 and May 2002.

4.3. The Recipient undertakes that the proceeds of the Grant shall not be used to finance expenditures excluded pursuant to the provisions of the Attachment to this Annex. If the Administrator shall have determined at any time that any proceeds of the Grant shall have been used to make a payment for an expenditure so excluded, the Recipient shall, promptly upon notice from the Administrator: (i) deposit into the Grant Account an amount equal to the amount of said payment; or (ii) if the Administrator shall so request, refund such amount to the Administrator. Amounts refunded to the Administrator upon such request shall be credited to the Grant Account for cancellation.

5. Accounts and Audits

5.1. (a) The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Administrator, adequate to reflect the operations, resources and expenditures related to the Activities.

(b) The Recipient shall: (i) have the financial statements referred to in subparagraph (a) above for each such fiscal year (or other period agreed to by the Administrator), audited, in accordance with consistently applied auditing standards, acceptable to the Administrator, by independent auditors acceptable to the Administrator; (ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each such year (or such other period agreed to by the Administrator), (A) certified copies of the financial statements referred to in subparagraph (a) above for such year (or such other period agreed to by the Administrator), as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Administrator; and (iii) furnish to the Administrator such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the Administrator shall have reasonably requested.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient shall: (i) retain, until at least one year after the Administrator has received the audit report for or covering the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures; (ii) enable the Administrator's representatives to examine such records; and (iii) ensure that such statements of expenditure are included in the audit for each fiscal year, or other period agreed to by the Administrator, referred to in subparagraph (b) above.

6. Suspension and Cancellation

6.1. The Administrator may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations herein specified; (b) the right of the Recipient, or any other entity to which the Administrator has made a loan with the guarantee of the Republic of Yemen, to make withdrawals under any loan agreement with the Bank or any development credit agreement with the International Development Association shall have been suspended; (c) a situation has arisen which, in the opinion of the Administrator, shall make it improbable that the Program or a significant part thereof, will be carried out; or (d) an action has been taken or a policy has been adopted to reverse any action or policy under the Program in a manner that would, in the opinion of the Administrator adversely affect the achievement of the objectives of the Program.

6.2. The Administrator may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient shall have failed to take action, satisfactory to the Administrator, within six months after the effective date hereof, to carry out the Activities.

Excluded Expenditures

For purposes of Section 4.3 of this Agreement, the proceeds of the Grant shall not be used to finance any of the following expenditures:

1. expenditures for goods or services supplied under a contract which any national or international financing institution or agency other than the Administrator shall have financed or agreed to finance, or which the Administrator shall have financed or agreed to finance under another credit or a loan;

2. expenditures for goods included in the following groups or subgroups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Administrator by notice to the Recipient:

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
112	-	Alcoholic beverages
121	-	Tobacco, unmanufactured, tobacco refuse
122	-	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	-	Radioactive and associated materials
667	-	Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except

<u>Group</u>	<u>Subgroup</u>	<u>Description of Items</u>
		watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	-	Gold, non-monetary (excluding gold ores and concentrates)

3. expenditures for goods intended for a military or paramilitary purpose or for luxury consumption;

4. expenditures for environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party);

5. expenditures: (a) in the territories of any country which is not a member of the Administrator or for goods procured in, or services supplied from, such territories; or (b) on account of any payment to persons or entities, or any import of goods, if such payment or import is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and

6. expenditures under a contract in respect of which the Administrator determines that corrupt or fraudulent practices were engaged in by representatives of the Recipient or of a beneficiary of the Grant during the procurement or execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to the Administrator to remedy the situation.