

CONFORMED COPY

GEF TRUST FUND GRANT NUMBER TF096330-RY

Global Environment Facility Trust Fund Grant Agreement

(Agro-biodiversity and Climate Adaptation Project)

between

REPUBLIC OF YEMEN

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

acting as an Implementing Agency of the Global Environment Facility

Dated June 28, 2010

GEF TRUST FUND GRANT NUMBER TF096330-RY

GLOBAL ENVIRONMENT FACILITY TRUST FUND GRANT AGREEMENT

AGREEMENT dated June 28, 2010, entered into between: REPUBLIC OF YEMEN (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“World Bank”), acting as an implementing agency of the Global Environment Facility (“GEF”).

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 1, 2008 (“Standard Conditions”), 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 Standard Conditions or in this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project through the MAI in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to four million United States Dollars (\$4,000,000) (“Grant”) to assist in financing the Project.

- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

Article IV

Effectiveness; Termination

- 4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following conditions have been satisfied:
- (a) the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action; and
 - (b) the PSC has been established with a composition, resources and terms of reference satisfactory to the World Bank.
- 4.02. As part of the evidence to be furnished pursuant to Section 4.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Member Country, showing the following matters: on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 4.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 4.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose

of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient's Representative; Addresses

- 5.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Planning and International Cooperation.
- 5.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Planning and International Cooperation
PO Box 175
Sana'a, Republic of Yemen

Facsimile:
967-1-250-665

- 5.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

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

REPUBLIC OF YEMEN

By /s/ Abdulwahab Abdullah Al-Hajri

Authorized Representative

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT
acting as an Implementing Agency of the
Global Environment Facility**

By /s/ Shamshad Akhtar

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are: (i) to enhance capacity and awareness at key national agencies and at local levels to respond to climate variability and change; and (ii) to better equip local communities to cope with climate change through the conservation and use of agro-biodiversity.

The Project consists of the following parts:

Part A: Agro-biodiversity and Local Knowledge Utilization and Assessment

Provision of consultants' services, goods, works and training for: (1) development of agro-biodiversity inventories; (2) development of vulnerability profiles of selected land races; and (3) preparation of a micro enterprises assessment report on biodiversity utilization and traditional knowledge and development of business plans of income-generation activities.

Part B: Climate Change Modeling and Capacity Building

Provision of consultants' services, goods, works and training for: (1) development of an improved climate database, including upgrading of select weather monitoring stations; (2) 'downscaling' or modification of global climate models for relevance and use in-country; (3) development of technical capacity, specifically in relation to climate information management system; and (4) sharing climate information inputs and outputs with other agencies and users.

Part C: Integrating Climate Change into Rainfed Agriculture

- (1) Provision of consultants' services, goods, works and training: (i) to raise awareness of communities and national agencies on the climate phenomena; (ii) to improve the technical capacity of staff in the MAI to take climate change into account in designing rainfed agriculture programs; and for (iii) development of a system for the transmission of weather forecasts for farmers.
- (2) Provision of consultants' services, goods, works and training to develop and carry out coping mechanisms for adaptation to climate change in water user groups and communities.
- (3) Provision of consultants' services, goods and training for preparation of a climate resilient agricultural strategy for rainfed agriculture.

Part D: Project Management, Coordination, Monitoring and Evaluation

Provision of goods, consultants' services, training and Incremental Operating Costs of the PCU to support Project coordination, implementation, monitoring and evaluation and management.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

- A.** The Recipient shall carry out the Project in accordance with the following institutional arrangements:
1. The PSC shall have overall responsibility for Project oversight and policy guidance in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the PIM.
 2. The Recipient shall carry out the Project, through the PCU, in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in the PIM and the ESIA, and shall not assign, amend, abrogate or waive any provisions of the PIM or the ESIA, without prior approval of the World Bank.
 3. At all times during the implementation of the Project, the Recipient shall maintain the PSC, the PCU, and the TCC, all with terms of reference and resources satisfactory to the World Bank, and with competent staff in adequate numbers.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”).

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. 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 agreed with the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.
2. On or about August 31, 2012, the Recipient shall carry out jointly with the World Bank, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review). The Midterm Review shall cover, amongst other things:

- (a) progress made in meeting the Project's objective; and
 - (b) overall Project performance against Project performance indicators.
- 3. The Recipient shall prepare at least four (4) weeks prior to the Midterm Review, and furnish to the World Bank, a separate report describing the status of implementation of each component of the Project and a summary report of Project implementation generally.
- 4. 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 (6) months after the Closing Date.

B. Financial Management; Financial Reports; Audits

- 1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
- 2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
- 3. The Recipient shall have its Financial Statements for the Project 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.

Section III. Procurement

A. General

- 1. **Procurement and Consultant Guidelines.** All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:
 - (a) Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 ("Procurement Guidelines") in the case of goods and works, and Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the

World Bank in May 2004 and revised in October 2006 (“Consultant Guidelines”) in the case of consultants’ services; and

- (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).

- 2. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the World Bank 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 and Works

- 1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

- 2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan:

- (a) National Competitive Bidding, subject to the following additional provisions: the procedures to be followed for National Competitive Bidding under this paragraph shall be those set forth in Law No. 23 for 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, 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;

(b) Shopping; and

(c) Community Participation procedures which have been found acceptable to the World Bank.

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 methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan: (a) Selection under a Fixed Budget; (b) Least Cost Selection; (c) Selection based on Consultants' Qualifications; and (d) Single-source Selection.

D. Review by the World Bank of Procurement Decisions

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

Section IV. Withdrawal of Grant Proceeds

A. General

1. 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 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 Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Goods, works, consultants’ services, Training and Incremental Operating Costs under the Project	4,000,000	100%
TOTAL AMOUNT	\$4,000,000	

For the purpose of this table:

- (a) the term “Incremental Operating Costs” means reasonable expenditures incurred for the implementation of the Project including on account of utility charges, transportation, maintenance and insurance of vehicles, fuel, office supplies, banking charges, communication services, and local travel costs and *per diem* but excluding salaries of officials of the Recipient’s civil service; and
- (b) “Training” means Project related study tours, training courses, seminars, workshops and other training activities, not included under goods or service providers’ contracts, including costs of training materials, space and equipment rental, travel, *per diem* costs of trainees, trainers and trainers’ fees, and interpretation and translation services.

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 referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2014.

APPENDIX

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. “ESIA” means the Environmental and Social Impact Assessment, including the Environmental and Social Management Plan (“ESMP”) and an abbreviated Integrated Pest Management Plan, prepared by the Recipient and disclosed on February 9, 2010, satisfactory to the Association, consisting of, *inter alia*: (i) the potential and actual adverse environmental impacts of the activities under the Project; and (ii) measures to be taken during the implementation and operation of the Project to mitigate, eliminate or otherwise offset adverse environmental and social impacts under the Project.
5. “MAI” means the Ministry of Agriculture and Irrigation of the Recipient or any successor or successors thereto.
6. “PCU” means the Project Coordination Unit of the MAI, established by Decree No 15/2004, and referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.
7. “PIM” means the updated project implementation manual dated February 2010, endorsed by the Recipient, specifying the Recipient’s managerial, financial, administrative, monitoring and evaluation, procurement, engineering and environmental and social policies and procedures for execution of the Project, and the eligibility criteria, selection procedures, terms and conditions for the implementation of the project, as the same may be amended from time to time with the agreement of the World Bank.
8. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006.
9. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 22, 2010, 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.

10. “PSC” means the Project Steering Committee to be established pursuant to Section 4.01 (b) of this Agreement, and operating in accordance with the PIM, pursuant to paragraph 1 of Section I.A of Schedule 2 to this Agreement.
11. “TCC” means the Technical Coordination Committee to be established by the Recipient on an *ad hoc* basis, in accordance with the PIM, to provide technical advice related to the Project’s activities.