
	STANDARD LETTER OF AGREEMENT BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME AND SOCIAL FUND FOR DEVELOPMENT ON THE EXECUTION OF THE EMERGENCY CRISIS RESPONSE PROJECT	
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Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP in Yemen") and officials of the Social Fund for Development (SFD) with respect to the realization of activities by SFD in the execution of the project 00099947: Emergency Crisis Response Project I (Output: 00110437), as specified in Attachment 1: Project Document, to which UNDP has been selected as Executing Entity.

2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the activities to be provided by SFD towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between SFD and UNDP on all aspects of the Activities.

3. SFD shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its financial regulations¹, rules and other directives, only to the extent they are consistent with UNDP's Financial Regulations and Rules. In all other cases, UNDP's Financial Regulations and Rules must be followed. Notwithstanding anything to the contrary in SFD's financial regulations, rules and other directives, performance by SFD of any of its obligations hereunder which would otherwise require approval by its board shall only require approval by SFD Policy and Project Committee² whose composition is agreed by UNDP.

4. In carrying out the activities under this Letter, the personnel and sub-contractors of SFD shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of SFD or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by SFD, and its personnel as a result of their work pertaining to the Activities.

5. Any subcontractors, including NGOs under contract with SFD, shall work under the supervision of the designated official of SFD. These subcontractors shall remain accountable to SFD for the manner in which assigned functions are discharged.

6. Upon signature of this Letter, UNDP will make payments to SFD, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments, to the following bank account, the operation of which, including withdrawals therefrom, is within the full authority of SFD without need for additional approval/signature from other offices or units:

¹ SFD Operational Manual has been cleared by BOM UNDP in NY, which will be used for procurement of goods and services

² This internal set-up is also incorporated in the SFD Operational Manual.

Beneficiary: Social Fund for Development
Account name: Yemen Emergency Crisis Response Project – WASH
Account number: 402-157728-2-3027-0
Bank name: YEMEN KUWAIT BANK
Bank address: Sanaa, Republic of Yemen.
Bank SWIFT Code: YKBA YE SAXXX

7. SFD shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. SFD shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when SFD is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the Attachment 2. UNDP shall have no obligation to provide SFD with any funds or to make any reimbursement for expenses incurred by SFD in excess of the total budget as set forth in Attachment 3.
8. SFD shall submit a cumulative financial report each quarter (30 June, 30 September, 31 December). The report will be submitted to UNDP through the UNDP Country Director within 30 days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by SFD in the financial report for the Emergency Crisis Response Project II project 00099947: Emergency Crisis Response Project II (Output: 00110437)
9. SFD shall submit such progress reports relating to the Activities as may reasonably be required by the project manager in the exercise of his or her duties.
10. SFD shall furnish a final report within 12 months after the completion or termination of the Activities, including a list of non-expendable equipment purchased by SFD and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.
11. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and SFD.
12. Any changes to the Project Document which would affect the work being performed by SFD in accordance with Attachment 2 shall be recommended only after consultation between the parties.
13. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the SFD and UNDP.
14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of SFD according to Attachment 2, or until terminated in writing (with 30 days' notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by SFD unless it receives written indication to the contrary from UNDP.

15. Any balance of funds that is undispersed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP.

16. Any amendment to this Letter shall be effected by mutual agreement, in writing.

17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to Mr. Auke Lootsma, Country Director, UNDP Yemen.


18. SFD shall keep the UNDP Country Director fully informed of all actions undertaken by them in carrying out this Letter.

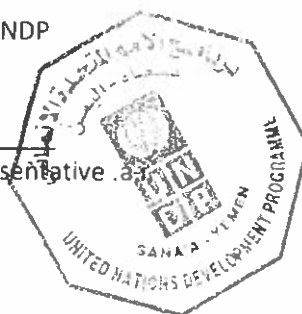
19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.

20. Any dispute between the UNDP and SFD arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

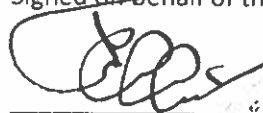
21. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall thereby constitute the basis for your participation in the execution of the project.

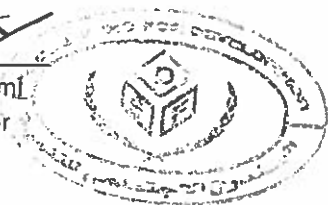
Yours sincerely,
Signed on behalf of UNDP


Auke Lootsma, Resident Representative
May 2018





Signed on behalf of the Social Fund for Development


Abdullah Al-Dailami
Managing Director
May, 2018



Attachment 1

PROJECT DOCUMENT

 <p>الصندوق الاجتماعي للتنمية</p>	<p>STANDARD LETTER OF AGREEMENT BETWEEN THE UNITED NATIONS DEVELOPMENT PROGRAMME AND SOCIAL FUND FOR DEVELOPMENT ON THE EXECUTION OF THE EMERGENCY CRISIS RESPONSE PROJECT</p>	
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Attachment 2

DESCRIPTION OF ACTIVITIES

Project number: Award ID: 00099947(Output: 00110437)

Project title: Emergency Crisis Response Project (ECRP)-KSA/ UAE

Results to be achieved by Social Fund for Development (SFD)

Activity Result1:

Access to improved water sources provided through construction of cisterns.

Activity Result2:

Access to improved sanitation facilities provided through building/improving latrines at the house level.

Work to be performed by Social Fund for Development (SFD)

- **The project will support the construction of 1,260 covered cisterns in target communities to provide access to improved water sources for domestic use.**

SFD interventions in the water sector responds to the current water crisis which is characterized by the continuous annual draw down of groundwater level, intermittent water supply to communities in urban and rural areas, and continuous deterioration of groundwater quality due to over exploitation and seawater intrusion. With this situation, SFD has adopted traditional water systems that were behind the famous Yemeni civilization that prospered from the 12th Century to the middle of 20th Century. Consequently, most SFD interventions in the water sector focus on renewable water sources such as rainwater and springs. Under the current crises all mechanized water systems i.e. groundwater based systems, collapsed due to fuel shortages and unavailability of spare parts. SFD kept the interventions based on groundwater as the last option where rainwater harvesting and surface water are not practical. In this case, three issues are addressed: suitability and sustainability of the source; affordability and willingness of the community to pay for the service; and management of the project after completion.

The population in Yemen is highly scattered: there are 128,000 settlements according to the 2004 Census. Most people live in rural areas with rough terrains that make provision of services very challenging and leaning to decentralized solutions, i.e. water projects at the settlement level or sometimes at the household level (such as rooftop rainwater harvesting).

There was a debate among water partners about the type of service to be provided to communities. Some opted for drinking quality to the house and others for providing water regardless of the quality

and let the household treat the water for drinking. This debate was settled in 2006, when all partners agreed on a compromised solution. The solution was based on the fact that due to limited water sources it is difficult to provide drinking quality water to the house in a sustainable way. All partners agreed on a national definition of water coverage: *The availability of 30 l/c/d of safe water, within a fetching time of not more than 30 minutes roundtrip*³. Safe water was defined as water from protected rainwater harvesting cisterns, protected wells and springs and surface water such as dams, lakes and open cisterns followed by rapid filters.

To comply with the national definition for water coverage in case of rainwater harvesting interventions for domestic use, SFD will take the following measures:

- a. All cisterns are covered to minimize algae growth and mosquito breeding,
 - b. A tool for extracting water is added such as a hand pump or pulley with rope and bucket, to prevent the need to step down into the cistern for fetching water, which causes drowning in some cases,
 - c. For rooftop cisterns, first flush diversion tool, and coarse filter at the inlet are added, and
 - d. Every water project will include a component for supplying household water filters and an introduction to their operation and maintenance.
- **SFD will support the construction and/or rehabilitation of 1,160 latrines to improve access to sanitation facilities among rural communities.**

The national definition for appropriate sanitation is : *The availability of appropriate means to dispose human waste without threatening the public health or the environment*³. According to this definition and SFD data collected from 1,656 communities, only 20% of the houses surveyed have appropriate sanitation and the occupants of the remaining 80% of the houses either defecate in the open (26% of the total houses) or have latrines that provide privacy, but dispose faeces and wastewater to the open (54% of the total houses).

For rural sanitation, SFD has adopted hygiene awareness campaigns using Community-Led Total Sanitation (CLTS) approach to deliver three key messages: use of latrines, hand washing, and water treatment at the point of use. The CLTS approach uses very strong and efficient tools to maximize the feeling of shame, disgust and fear of the bad sanitation among communities. The result of triggering CLTS is collective work and efforts by community members to improve their sanitation and speed up declaring their community open defecation free with a subsidy from SFD not exceeding 660\$/family.

Every sanitation project will include the following components arranged almost in ascending order of implementation:

- i. Hygiene campaign using CLTS approach as a tool to raise awareness on the importance of having and using latrines, handwashing, and treating water for drinking at the household level,
- ii. Building new latrines for houses without latrines or improving the existing ones,
- iii. Supplying and distributing water filters to every household, and
- iv. Installing handwashing tool

The selection criteria for water sub-projects is as follows:

- a. Cholera attack rate⁴ (AR) is ≥ 500
- b. 100% of the houses don't have water in their premises
- c. Population is ≥ 300 persons (projected to mid-2017)
- d. Poverty index is $\geq 50\%$

The selection criteria for sanitation sub-projects is limited to cholera attack rate (AR) of ≥ 500 . Following this criteria an initial list of 19 sub-projects has been developed, out of which 11 are in the water sector and eight under sanitation. The identified sub-projects will be implemented at an estimated cost of US\$ 2.5 million (including 10 percent SFD operation cost) to serve 19,376 persons in six governorates and in 13 districts

Assuming that 60 percent of the capital cost of sub-projects will go to labour at an average of US\$ 12.0 per day, it is expected that implementation of the Project will generate a total of 112,500 working days. No permanent jobs are expected to be created as all the sub-projects are at the house level and owners will operate and maintain them.

Every project will include awareness sessions on cholera and AWD, their causes, symptoms, preventive measures and how to deal with arising cases. Household water filters will be provided to the poor families in all the 19 subprojects and families will be introduced to their operation and maintenance. Sanitation projects will start with triggering CLTS to create demand for latrines and their use followed by improvement of existing latrines and construction of new latrines depending on the case of each household in the targeted village. The awareness sessions aim to change behavior rather than building latrines.

Description of inputs:

Activity 1: Access to improved water sources through construction of cisterns.

The main goal of this activity is to fill the gap of water demand and bring the community at least to the national level of water coverage. Survey of available improved water sources are conducted and accordingly the capacities of needed cisterns are calculated. Implementation is done by the house owners using traditional methods and they are paid against completed work items according to already agreed prices which vary depending on the capacity of the cistern. Supervision is provided by SFD's hired technicians and engineers. Wherever possible, the houses roofs will be used as catchment areas to collect rainwater, however, when roofs are too small, which is an indicator of poverty, and due to previous experience of severe water scarcity, house owners may prefer to have open catchments and for this purpose they carefully select the location of the cisterns to insure higher quantity of water with better quality collected in the cisterns. Every cistern will have the following components:

- First flush tool to drain the first amount of rainwater outside the cistern and insure better quality water collected in the cistern,
- Inlet filter of coarse aggregates (1.5"-3.0") to retain debris and floating materials,
- Water extraction tool (tap if it's above ground level or bucket and rope if it's below ground level),
- Ventilation pipes (usually through the roofs) and overflow pipe.
- roughing filter

⁴ Districts Cholera Situation Report 19th November, 2018 was used, AR is number of cases/10,000 people.

Every water subproject will include awareness sessions on cholera, its causes, symptoms, preventive measures, and dealing with cases when arise as well as supply and distribution of water filters to households, and introduced them to their operation and maintenance.

Activity 2: Access to appropriate sanitation facilities through building/improving latrines.

Latrines are built/improved by the house owners under the supervision of SFD's hired technicians and engineers. House owners are paid against completed work items for the selected latrine option. SFD has two options for new latrines, flush latrine with two alternate cesspits and double vault dry latrines. House owners who have no latrine at all are introduced to the two options, their implementation and advantages and disadvantages and they given the right to select one of the tow options.

Every sanitation subproject will contain the following components:

- Hygiene campaign to create demands for latrines and raise awareness on cholera,
- Building new latrines or improving the existing ones,
- Erecting handwashing tool convenient to adults and children,
- Supplying and distributing household filters capable of retaining vibrio bacteria that cause cholera and introducing the community to their O&M,

Annexes:

- The project document with the framework results.
- Disbursement plan for 2018

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Attachment 3

Scheduled of Activities, Facilities and Payments



Year 2018

EXPECTED CP OUTPUTS and indicators including annual targets	PLANNED ACTIVITIES List all activities to be undertaken during the year toward stated outputs	Time frame				Planned Budget Budget Description	Amount	Schedule of payments by UNDP					
		Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4		
Activity 1: Access to improved water sources provided through construction of cisterns.	Civil Work		X	X	X	72100 Contractual Services	\$1,230,870		\$246,174		\$738,522		\$246,174
	Consultancy		X	X	X	71300 Local Consultants	\$247,500		\$49,500		\$148,500		\$49,500
Total:							\$1,478,370						
Activity 2: Improved hygiene and sanitation provided	Civil Work		X	X	X	72100 Contractual Services	\$771,630		\$154,326		\$462,978		\$154,326
	Operation Cost		X	X	X	74500: Miscellaneous	\$250,000		\$50,000		\$150,000		\$50,000
Total:							\$1,021,630						

Note:

- Expenditures for personnel services may be limited to salary, allowances and other entitlements, including the reimbursement of income taxes due and travel costs on appointment to the project, duty travel within the programme country or region and repatriation costs.

Adjustments within each of the sections may be made in consultation between UNDP and *Social Fund for Development*. Such adjustments may be made if they are in keeping with the provisions of the Programme Support/Project Document and if they are found to be in the best interest of the project.

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Attachment 4

MODEL UNDP EXPENDITURE REPORT

Reporting will be submitted according to the FACE form