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AMENDMENT NO. 4  
TO THE  
PROJECT GRANT AGREEMENT LOAN AND GRANT AGREEMENTS  
BETWEEN  
THE REPUBLIC OF YEMEN  
AND  
THE UNITED STATES OF AMERICA  
FOR  
EDUCATIONAL DEVELOPMENT SUPPORT  
PROJECT NO. 279-0074

FM/CAR/OPA, ROOM 603, SA-2  
FM/CMP, ROOM 703, SA-2  
NE DESK OFFICER, (SEE ATTACHED)  
EPC/CDIE/DI, ROOM 209, SA-18  
GC/NE  
PROJECT OFFICER  
FILE

Amendment No. 4 dated May 26, 1993, between the Republic of Yemen, acting through the Ministry of Planning and Development (the "Government"), and the United States of America, acting through the Agency for International Development (the "Agency"):

WHEREAS, the Government and the Agency (collectively the "Parties") have entered into a Project Grant Agreement on August 1, 1987 for the Educational Development Support Project, as amended by Project Grant Agreement Amendments No. 1, 2, and 3, dated respectively, April 2, 1988, March 31, 1990, and August 11, 1991 (the Project Grant Agreement, as amended, is herein referred to as the "Agreement").

WHEREAS, the Government and the Agency desire to amend the Agreement to: (a) adjust the Life-of-Project funding level; (b) provide an additional increment of grant funding for the Project in the amount of Nine Hundred Thousand United States Dollars (\$900,000); (c) adjust the Project Assistance Completion Date; (d) adjust grant resources for the project; (e) modify the definition and description of the Project; (f) add conditions precedent and covenants; and (g) amend the clause on reports, accounting, records, audits and inspections.

NOW THEREFORE, the Parties hereto agree to amend the Agreement as follows:

1. Section 2.1 (Definition of Project) of Article 2 (The Project).

A. The second sentence of Section 2.1 is replaced in its entirety, substituting therefor the following new sentence:

"The major effort of the Project will be the development of a simplified outcome-based educational model for grades one through three in reading, math, and science. This includes development of instructional objectives; creation of field-tested learning materials, text books and teachers' guides; training of curriculum development specialists; training of teachers at pilot schools; and

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criterion-reference tests to evaluate desired outcomes in student learning."

B. The third sentence of Section 2.1 is replaced in its entirety, substituting therefor the following new sentence:

"The Government will develop the structures necessary to support and expand the simplified outcome-based educational model, based upon the results and acceptance of successful field testing of new teaching materials and teacher training."

C. In addition to the above changes in the Definition of the Project, reference is made to Annex I of this Amendment for an Amendment to the Amplified Project Description, which limits the project to the completion of camera-ready curriculum and teaching materials for grade one in math, reading and science, and completion of text materials for field testing for grades two and three.

**2. Section 2.2 (Incremental Nature of the Project) of Article 2 (the Project).**

The last sentence of Section 2.2 is deleted in its entirety, substituting therefor the following new sentence:

"The planned total amount of funding for the life-of-project is: Five Million Three Hundred Fifty Thousand Dollars (\$5,350,000)."

**3. Section 3.1 (The Grant) of Article 3 (Financing).**

By way of increasing existing Project Grant funding of Four Million Four Hundred and Fifty Thousand United States Dollars (\$4,450,000) by Nine Hundred Thousand United States Dollars (\$900,000), the first sentence of Section 3.1 is deleted in its entirety, substituting therefor the following new sentence:

"To assist the Government in meeting the costs of implementing the Project, the Agency, pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Government, under the terms of this Agreement, an amount not to exceed Five Million Three Hundred Fifty Thousand United States dollars (\$5,350,000)."

**4. Section 3.2 (Government Resources for the Project) of Article 3 (Financing).**

By way of reducing the value of the resources to be provided by the Government, Section 3.2(b) is amended by deleting the amount of the Yemeni Rial equivalent of Fifteen Million Eight Hundred Forty Seven Thousand United States dollars (\$15,847,000) and substituting therefor the amount of the Yemeni Rial equivalent of Five Million

United States Dollars (\$5,000,000).

**5. Section 3.3 (a) (Project Assistance Completion Date) of Article 3 (Financing).**

Section 3.3 (a) is amended by deleting the Project Assistance Completion Date of September 30, 1997, and substituting therefor a new Project Assistance Completion Date of December 31, 1993.

**6. Article 4 (Conditions Precedent to Disbursement).**

Article 4 is amended to add the following new Section 4.4:

**"Section 4.4. Certain Technical Assistance Issues.**

Prior to extension of the technical assistance contract from June 31, 1993 to December 31, 1993, or to the issuance by the Agency of documents pursuant to which disbursement will be made, the Government will furnish to the Agency, in form and substance satisfactory to the Agency, evidence that the Government has appointed all members of the Project-trained Task Forces to the ERDC Unit of the Ministry of Education. Such evidence will include an organizational plan of the Education Development Research Center (ERDC), position descriptions for the Task Force members to be integrated into the ERDC, and a financial plan to support the expanded ERDC. The terminal date for meeting this Condition Precedent shall be June 1, 1993, or such later date as the Agency shall agree to in writing."

**7. Article 5, Special Covenants.**

This Article is amended to add the following new Sections 5.6, 5.7, and 5.8:

**Section 5.6. Comprehensive Curricula Development Process**

The Ministry of Education (MOE) shall develop a Comprehensive Curricula Development Plan to sustain and expand the Project's interventions. The Plan will include an approved formal process for establishing basic education goals, teaching philosophy and methodologies; evaluating existing curricula; developing and field testing new curriculum; and disseminating new materials. The MOE/ERDC may use technical assistance available under the current contract to assist in preparing the Ministry of Education's Comprehensive Curriculum Development Plan.

**Section 5.7. Government Financial Contribution.**

The Government shall provide the required financial resources for: the printing, publication and dissemination of new instructional

materials developed under the project; and for pre- and in-service teacher training on new curricula and materials.

**Section 5.8. Coordination with the World Bank-Financed Basic Education Project.**

The Government shall facilitate the close coordination of policy, plans and activities of the Educational Development Support Project (EDSP) curriculum development activities with related activities in the new Basic Education Project supported by the World Bank, with the intent to assure the efficient integration of curriculum and materials prepared under the EDSP project and the curriculum and training activities planned under the Basic Education Project.

**8. Annex I (Amplified Project Description).**

Annex I of the Agreement is hereby amended in part in accordance with Annex I to this Amendment.

**9. Annex II of the Agreement (Project Grant Standard Provisions) is modified as follows:**

Section B.5 (Reports, Accounting Records, Audits, Inspections) of Annex II is replaced in its entirety to read as follows:

"Section B.5, Reports, Accounting Records, Audits, Inspections.

(a) The Government shall furnish the Agency such information and reports relating to the Project and to this Agreement as the Agency may reasonably request.

(b) The Government shall maintain accounting books, records, documents, and other evidence relating to the Project and to this Agreement, adequate to show, without limitation, all costs incurred under the Grant, the receipt and use of goods and services acquired under the Grant, the costs of the Project supplied from other sources, the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion ("Project books and records"). At the Government's option, with approval by the Agency, Project books and records shall be maintained in accordance with one of the following methods:

(1) Generally accepted accounting principles prevailing in the United States, (2) Generally accepted accounting principles prevailing in the country of the Government of the Republic of Yemen, (3) Accounting principles prescribed by the International Accounting Standards Committee (an affiliate of the International Federation of Accountants), or (4) such other accounting principles as the Parties may agree to in writing. Project books and records

shall be maintained for at least three years after the date of last disbursement by the Agency.

(c) If \$25,000 or more is disbursed directly to the Government in any one calendar year under the Grant, the Government, except as the Parties may otherwise agree in writing, shall have financial audits made of the funds disbursed to the Government under the Grant in accordance with the following terms:

(1) The Government shall select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients" issued by the Agency Inspector General ("Guidelines"), and the audits shall be performed in accordance with the "Guidelines".

(2) An audit of the funds provided under the Grant shall be conducted for each fiscal year of the Project. The audit shall determine whether the receipt and expenditure of the funds provided under the Grant are presented in accordance with generally accepted accounting principles agreed to in Section (B) above and whether the Government has complied with the terms of the Agreement. Each audit shall be completed no later than one year after the close of the Government's fiscal year.

(d) The Government shall submit an audit report to the Agency within 30 days after completion of each audit arranged for by the Government in accordance with this Section. The Agency's Inspector General will review each report to determine whether it complies with the audit requirements of this Agreement. Subject to the Agency approval, costs of audits performed in accordance with the terms of this Section may be charged to the Grant. In cases of continued inability or unwillingness to have an audit performed in accordance with the terms of this Section, the Agency will consider appropriate measures which include suspension of all or a portion of disbursements until the audit is satisfactorily completed or the Agency performs its own audit.

(e) The Government shall submit to the Agency, in form and substance satisfactory to the Agency, a plan by which the Government will ensure that funds made available to sub-recipients that receive \$25,000 or more in any one calendar year under the Grant are audited in accordance with this Agreement. The Plan should describe the methodology to be used by the Government to satisfy its audit responsibilities with respect to any sub-recipient to which this section applies. Such audit responsibilities with respect to sub-recipients may be satisfied by relying on independent audits of the sub-recipients or on appropriate procedures performed by the internal audit or program staff of the Government, by expanding the scope of the independent financial audit of the Government to encompass testing of

sub-recipients' accounts, or by a combination of these procedures. The plan should identify the funds made available to sub-recipients that will be covered by audits conducted in accordance with other audit provisions that would satisfy the Government's audit responsibilities (a non-profit organization organized in the United States is required to arrange for its own audits; a for-profit contractor organized in the United States that has a direct contract with the Agency is audited by the cognizant U.S. Government agency; a private voluntary organization organized outside the United States with a direct Grant from the Agency is required to arrange for its own audits; and, a host-country contractor should be audited by the cognizant Government contracting agency). The Government shall ensure that appropriate corrective actions are taken on the recommendations contained in the sub-recipients' audit reports; consider whether sub-recipients' audits necessitate adjustment of its own records; and require each sub-recipient to permit independent auditors to have access to records and financial statements as necessary.

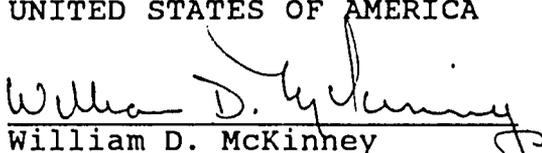
(f) The Agency may, at its discretion, perform the audits required under this Agreement on behalf of the Government by utilizing funds under the Grant or other resources available to the Agency for this purpose. The Government shall afford authorized representatives of the Agency the opportunity, at all reasonable times, to audit or inspect: the Project; the utilization of goods and services financed by the Agency; and books, records and other documents relating to the Project and the Grant."

10. Except as herein amended the agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Government and the Agency, each acting through its duly authorized representative, have caused this amendment to be signed in their names and delivered as of the day and date first above written.

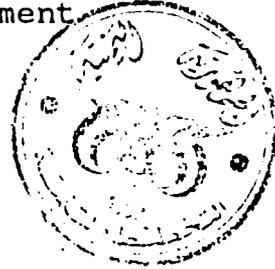
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FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA

  
\_\_\_\_\_  
William D. McKinney  
A.I.D. Representative

FOR THE GOVERNMENT OF  
THE REPUBLIC OF YEMEN

  
\_\_\_\_\_  
Dr. Mutahar Abdullah al-Saeedi  
Vice Minister of Planning and  
Development.



Date: May 26, 1993

Date: \_\_\_\_\_