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July 6, 2016

**For meeting of
Board: Tuesday, July 19, 2016**

FROM: Vice President and Corporate Secretary

UNDP - Yemen Emergency Crisis Response Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed grant to the United Nations Development Programme (UNDP) for the Yemen Emergency Crisis Response Project (IDA/R2016-0183), which will be discussed at a meeting of the Executive Directors.

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
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Document of
The World Bank

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Report No: **PAD1797**

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 35.7 MILLION
(US\$50 MILLION EQUIVALENT)

TO THE

UNITED NATIONS DEVELOPMENT PROGRAMME

FOR A

YEMEN EMERGENCY CRISIS RESPONSE PROJECT

July 5, 2016

Social Protection and Labor Global Practice
Middle East And North Africa Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective May 31, 2016)

Currency Unit = Yemen Rials (YER)
YER248.80 = US\$1
US\$1 = SDR 0.71281934

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CBOs	Community-based Organizations
CDD	Community-driven Development
CEN	Country Engagement Note
CFWP	Cash for Work Programme
DNA	Damage and Needs Assessment
FAO	Food and Agriculture Organization
FPA	Fiduciary Principles Accord
GoY	Government of the Republic of Yemen
GRM	Grievance Redress Mechanism
IDPs	Internally Displaced Persons
IOM	International Organization for Migration
IsDB	Islamic Development Bank
LIWP	Labor Intensive Work Program
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MFI	Microfinance Institutions
MSME	Medium, Small, and Micro Enterprise
NDC	National Dialogue Conference
NGOs	Nongovernmental Organizations
OCHA	UN Office for the Coordination of Humanitarian Affairs
O&M	Operations and Maintenance
PDO	Project Development Objective
PM	Project Manager
PMT	Project Management Team
PWP	Public Works Project
SES	Social and Environmental Standards
SFD	Social Fund for Development
SME	Small and Micro Enterprise
SMED	Small and Microenterprise Development
SWF	Social Welfare Fund
TPM	Third-Party Monitoring
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Emergency Fund

YRP
WHO

Yemen Resilience Program
World Health Organization

REPUBLIC OF YEMEN

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Asad Alam
Senior Global Practice Director:	Omar Arias (Acting)
Practice Manager:	Hana Brixi
Task Team Leaders:	Afrah Al-Ahmadi and Sabine Beddies

Emergency Crisis Response Project

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PAD DATA SHEET

Republic of Yemen

Yemen Emergency Crisis Response Project (P159053)

PROJECT APPRAISAL DOCUMENT

MIDDLE EAST AND NORTH AFRICA

Social Protection and Labor Global Practice

Report No.: PAD1797

Basic Information			
Project ID P159053	EA Category B - Partial Assessment	Team Leaders Afrah Al-Ahmadi, Sabine Beddies	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [X]		
	- Fragile States	- Natural or man-made disaster	
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 20-Jul-2016	Project Implementation End Date 28-Feb-2018		
Expected Effectiveness Date 31-Aug-2016	Expected Closing Date 31-Aug-2018		
Joint IFC No			
Practice Manager/Manager Hana Brixi	Acting Senior Global Practice Director Omar Arias	Country Director Asad Alam	Regional Vice President Hafez M. H. Ghanem
Safeguards Deferral			
<p>Will the review of Safeguards be deferred? [] Yes [X] No</p> <p>Given the application of the Fiduciary Principles Accord (FPA) for this operation, Bank safeguard policies would not apply. Rather, the UNDP's 2014 SES would apply and would be adopted for this operation and the Bank would solely rely on UNDP's policies, procedures, and practices to manage any environmental and social (E&S) impact of this project.</p>			

Project Financing Data(in US\$, millions)									
<input type="checkbox"/>	Loan	<input checked="" type="checkbox"/>	IDA Grant	<input type="checkbox"/>	Guarantee				
<input type="checkbox"/>	Credit	<input type="checkbox"/>	Grant	<input type="checkbox"/>	Other				
Total Project Cost:		50			Total Bank Financing:		50		
Financing Gap:		0.00							
Financing Source					Amount				
BORROWER/RECIPIENT					0.00				
IDA Grant					50.00				
Total					50.00				
Expected Disbursements (in US\$, millions)									
Fiscal Year	2017	2018	0000	0000	0000	0000	0000	0000	0000
Annual	30	20	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	30	50	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Institutional Data									
Contributing Practice Areas									
Social Protection & Labor									
Cross Cutting Topics									
<input type="checkbox"/>	Climate Change								
<input checked="" type="checkbox"/>	Fragile, Conflict & Violence								
<input checked="" type="checkbox"/>	Gender								
<input checked="" type="checkbox"/>	Jobs								
<input type="checkbox"/>	Public Private Partnership								
Sectors / Climate Change									
Sector (Maximum 5 and total percent must equal 100)									
Major Sector			Sector		Percent		Adaptati on Co- benefits percent	Mitigation Co-benefits percent	
Health and other social services			Other social services		100				
Total					100				
<input checked="" type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.									
Themes									
Theme (Maximum 5 and total percent must equal 100)									
Major theme				Theme			Percent		

Social protection and risk management	Social Safety Nets/Social Assistance & Social Care Services	60
Rural development	Rural services and infrastructure	30
Urban development	Urban services and infrastructure	10
Total		100
Proposed Development Objective(s)		
The project development objective is to provide short-term employment and access to selected basic services to the most vulnerable; and preserve implementation capacity of two service delivery programs.		
Components		
Component Name	Cost (US\$, millions)	
Component 1: Labor Intensive Works and Community Services	45.0	
Component 2: Project Management and Monitoring	5.0	
Systematic Operations Risk- Rating Tool (SORT)		
Risk Category	Rating	
1. Political and Governance	High	
2. Macroeconomic	High	
3. Sector Strategies and Policies	High	
4. Technical Design of Project or Program	Substantial	
5. Institutional Capacity for Implementation and Sustainability	Substantial	
6. Fiduciary	High	
7. Environment and Social	High	
8. Stakeholders	High	
9. Other – Lack of Government Counterpart	High	
OVERALL	High	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes [X]	No []
Have these been approved by Bank management?	Yes [X]	No []
Is approval for any policy waiver sought from the Board?	Yes [X]	No []
Explanation:		
To facilitate UNDP's implementation of the Project, it is proposed to use the Fiduciary Principles Accord (FPA), and the UNDP operational policies and procedures instead of the usual Financing Agreement and the Bank operational policies and procedures that attend to the Investment Project		

Financing (IPF). For that purpose a Board waiver is proposed to allow the FPA to apply to an IDA-financed project on an exceptional basis.

Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
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Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01		X
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency

The FPA dated December 2, 2008, among the Bank and certain organizations of the UN (including the UNDP) would apply. Accordingly, a Disbursement Agreement (agreed template annexed to the FPA) would govern the relationship between the Bank and UNDP for this project.

Conditions

Source Of Fund	Name	Type

Description of Condition

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Afrah Alawi Al-Ahmadi	Team Leader (ADM Responsible)	Sr. Social Protection Specialist	Social Protection	GSP05
Sabine W. Beddies	Co-Team Leader	Sr. Urban Spec.	Urban	GSU11

Jamal Abdulla Abdulaziz	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement	GGODR
Moad M. Alrubaidi	Financial Management Specialist	Sr. Financial Management Specialist	Financial Management	GGODR
Aissatou Maisha Dicko	Team Member	Operations Analyst	Social Protection Operations	GSP05
Amer Abdulwahab Ali Al-Ghorbany	Environmental Specialist	Environmental Specialist	Safeguards	GEN05
Edith Ruguru Mwenda	Counsel	Senior Counsel	Legal	LEGAM
Eric Ranjeva	Finance Officer	Finance Officer	Disbursement	WFALA
Ibrahim Ismail Mohammed Basalamah	Safeguards Specialist	Social Development Specialist	Safeguards	GSU05
Khalid Ahmed Ali Moheydeen	Team Member	Social Protection Specialist	Social Protection	GSP05
Lire Ersado	Team Member	Senior Economist	Social Protection	GSP05
Luigi Giovine	Team Member	Lead Operations Officer	Fragility and Conflict-Affected Situations	GCFDR
Diego Garrido Martin	Team Member	Sr. Operations and M&E Officer	Monitoring & Evaluation	GCFDR
Nabila Assaf	Team Member	Sr. Private Sector Development Specialist	Private Sector	GTC05
Sami Sofan	Team Member	Finance and Private Sector Development Analyst	Private Sector	GTC05
Safa'a Al-Sharif	Team Member	Team Assistant	Administration	MNCYE

Extended Team

Name	Title	Office Phone	Location

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments
Yemen, Rep.	TBD	TBD			

I. INTRODUCTION

1. This Project Appraisal Document seeks the approval of the Executive Directors to provide a grant in an amount of SDR 35.7 million (US\$50 million equivalent) to the United Nations Development Programme (UNDP), in support of the proposed Yemen Emergency Crisis Response Project for the benefit of the Republic of Yemen.
2. The proposed grant will help finance emergency interventions by sustaining the resilience of local institutions in easing the significant impact of the ongoing conflict in the Republic of Yemen on the welfare and livelihood of affected households and communities. The Partnership with the United Nations (UN) system and humanitarian agencies is crucial for basic service delivery and to protect human capital during periods of conflict. The current partnerships with the United Nations Children’s Fund (UNICEF) and World Health Organization (WHO), which are currently managing the implementation of key activities of two ongoing Bank-funded health projects, prove that such partnerships are essential during a conflict. The proposed operation builds on this positive experience.
3. The proposed application of the World Bank and UN Fiduciary Principles Accord (FPA) for this operation stems from the successful implementation (per the Independent Evaluation Group and the Implementation Completion and Results Report outcome rating) of the Horn of Africa Emergency Health and Nutrition Project, the only IDA project for which the FPA instrument has been used to date. This success was largely made possible by the Board waiver which enabled substantial policy exceptions to standard IDA lending terms and subsequently, the rapid preparation, efficient implementation, and results achieved, which would not have been possible otherwise. Finally, the success of this project, using the FPA, largely outweighed the development impact risks from not responding quickly and shed light on the Bank’s flexibility and pragmatism.
4. The proposed operation will support the coping capacities and resilience of families and individuals, including the internally displaced persons (IDPs), through provision of short-term employment opportunities and initiate some early restoration of service delivery while also preserving existing local service delivery capacity in the Social Fund for Development (SFD) and the Public Works Project (PWP). The Bank and its development partners have invested in the SFD and PWP for two decades, and these national programs have demonstrated resilience to deliver results during crisis, including Yemen’s 2011 crisis and the current conflict. Preserving existing implementation capacity such as that of the SFD and PWP is also critical to facilitate quick reengagement of the development partners once the country is on a path toward peace.
5. The project is aligned with the World Bank Group’s Country Engagement Note (CEN) (Report 106118-YE) for FY17–18, which sets out the Bank’s contributions to support the Republic of Yemen’s transition toward peace and stability by helping avoid further disintegration of Yemen’s social fabric and by creating critical building blocks for a more resilient society in a post-conflict period. Concretely, the proposed project contributes to the first objective of the CEN, “Provide emergency support to preserve local service delivery capacity to support conflict-affected families and communities. This will be done in partnership with UN institutions”. The

project will also draw on the findings from the Dynamic Damage and Needs Assessment (DNA)¹ as relevant.

II. STRATEGIC CONTEXT

A. Country Context

6. **The current conflict and societal fragility in the Republic of Yemen stems from fifty years of cycles of violence, long-standing grievances over corruption, and elite capture of resources as well as tribal, regional, and more recently sectarian divisions.**² Following the unification of the Republic of Yemen in 1990, out of two states with divergent political and economic systems, the Yemeni State contended with establishing central authority and a pluralistic political system in a country with complex regional and tribal constituencies. Building a modern state upon tribal and traditional forms of governance in one of the poorest countries in the world has represented an ongoing challenge. Control of economic rents by traditional political forces complicated transition toward more inclusive and equitable governance.

7. **The Arab Spring arrived in the Republic of Yemen in early 2011.** Widespread protests and revolt demanding better governance, jobs, and improved livelihood led to a political stalemate and economic deterioration. Led by the Gulf Cooperation Council, an agreement was reached in late November 2011 for a conditional peaceful transfer of power from the Saleh Presidency to a power-sharing transitional government under interim President Hadi. The agreement, stipulated the launch of a UN-supervised and inclusive national dialogue. The National Dialogue Conference (NDC) was launched to address social, economic, and political grievances among all regions and groups, including movements such as Houthis in the north and HIRAK in the south, opening the door to this through a transitional government ratified by the election in February 2012. However, only few steps were taken to implement the NDC outcomes, missing important opportunities to overcome grievances and restore some public trust. Groups such as the Houthis and HIRAK saw this as marginalizing their demands for more autonomy and sharing of resources. As the NDC drew to its conclusion, the security situation deteriorated.

8. **The Republic of Yemen descended into a full-fledged military conflict and peace mediation efforts are ongoing to date.** In June 2014, armed conflict between the Government and militias started to spread across much of the country. Houthi militias, supported by Saleh forces, exploiting public discontent, drove their way into Sana'a in September 2014 and gradually took over government institutions during the first quarter of 2015. The interim President Hadi and his Government had to flee. A Saudi Arabian-led coalition of 10 Arab countries initiated a military campaign to restore President Hadi's Government to power. Prime Minister Ahmed Bin Daghr's cabinet only recently returned to Aden, and is, to date, still grappling with serious security issues, further complicated by the resurgence of the Al-Qaeda in the Arabian Peninsula (AQAP) and other radical Islamist groups, including Islamic State, particularly in the south and the east of the country. Several efforts to mediate peace have been led by the UN Special Envoy, including an ongoing round of peace talks hosted by Kuwait and

¹ The DNA was initiated in September 2015 by the Bank in partnership with the country's authorities, UN, European Union, and Islamic Development Bank (IsDB), and the first phase was finalized in March 2016.

² For further details on the country's context, refer to Yemen Country Engagement Note (2017-2018).

supported by the international community with a ceasefire in effect since April 11, 2016. While the talks are slow and tedious, there is hope that some concrete progress can be made soon, but the ceasefire is reportedly violated regularly.

9. **The conflict has resulted in a catastrophic humanitarian emergency.** In May 2015, the UN placed the Republic of Yemen at Level 3 of humanitarian distress, the highest categorization of countries in conflict. According to UN agencies, between March 2015 and February 2016, the conflict left over 7,600 people dead including 3,000 civilians and another 6,000 injured. About half of Yemen's population of about 26.8 million live in areas directly affected by the conflict. Over 21.1 million Yemenis (80 percent of the population) are in need of humanitarian assistance and 2.8 million Yemenis have been forcibly internally displaced.³ IDPs suffer the greatest service delivery deficits while enduring social dislocation, trauma, and isolation.⁴ The protection prospects for women-headed households, that represent 52 percent of the displaced community, are particularly challenging.⁵ Severe food insecurity affects 7.6 million people, and an estimated two million are malnourished, including 1.3 million children, of whom 320,000 are suffering from acute malnutrition. Basic services across the country are on the verge of collapse. Chronic drug shortages, and conflict-related destruction restrict around 14 million Yemenis, including 8.3 million children, from accessing health care services. Also, more than 1.8 million additional children have been out of school since the escalation of conflict, bringing the total number of children out of school to more than 3 million. Over 1,600 schools remain closed due to insecurity, physical damage, or their use as shelters for displaced people. Aid delivery has been affected by violence and security concerns.

10. **Poverty, already high before the conflict, grew fast as well.** Before 2014, Yemen was already profoundly challenged on several fronts – high population growth, severe urban-rural imbalances, food and water scarcity, female illiteracy, widespread poverty, and economic stagnation. The ongoing conflict is likely to have fundamentally altered the social and economic landscape of the country and further increased poverty levels. Initial simulations of the impact of the conflict shows that the poverty incidence may have almost doubled nationally (from 34.1 percent in 2014 to 62 percent in 2016).⁶ The total conflict-related losses and damages to agriculture, fisheries, and livestock are estimated to amount to about US\$3 billion, due to lack of power, pumped water, production inputs, and market access and breakdown of logistical chains. The conflict has caused destruction of physical infrastructure and severe impairment of civil and public services. The conflict and the associated deterioration in security conditions have deepened the economic crisis and caused further deterioration of living conditions in the country. In 2015, the economy contracted by about 28 percent. Inflation is on the rise and is estimated to have reached about 30 percent in 2015. The fiscal space shrank by about a third, reducing the state's share in the economy to below 20 percent, essentially financing only salaries for public employees and limiting resources for public services such as health and education or any policy

³ https://www.iom.int/sites/default/files/situation_reports/file/IOM-Yemen-Crisis-Sitrep-24Mar-6Apr2016.pdf.

³ http://reliefweb.int/sites/reliefweb.int/files/resources/2016_HNO_English_%20FINAL.pdf.

⁴ See Jennings, Ray Salvatore. 2015. Yemen Forced Displacement Brief. World Bank.

⁵ IOM (International Organization for Migration). 2015. Task Force on Population Movement in Yemen: 6th Dashboard.

⁶ The poverty headcount is based on a national poverty line of YER 10,913 (or about US\$50) per capita per month in 2014 prices. In terms of 2011 PPP terms, about US\$3.52 per person per day, or about US\$105.6 per person per month.

conduct. Oil production and exports, the mainstay of the pre-conflict Yemeni economy, came to a halt.

11. **Additionally, the ongoing war and other political violence are having significant negative impact on the social fabric and social cohesion of the Yemeni society.** This is yet to be analyzed and understood further; however, a follower of Yemeni politics and social media can easily recognize the damage of the social fabric and polarization of society around conflict-born and fueled sectarian, political, and tribal alignments. The complexity of the conflict among warring factions and shifting alliances has exacerbated social tensions. The youth, who in 2011 aspired to a modern and inclusive Republic of Yemen, have been used to fuel the conflict or have been alienated. Furthermore, the remarkable resilience of the Yemeni population that endured decades of underdevelopment is now tested to its limits and will continue to deteriorate if left unaddressed. People, communities, public and private institutions need support to cope and build resilience towards peace and recovery. Restoring and strengthening resilience in families, communities, and institutions from the start is urgent and as essential as political dialogue and humanitarian relief.⁷

B. Situations of Urgent Need of Assistance or Capacity Constraints

12. The proposed project is being processed under OP10.00 paragraph 12 (*Projects in Situations of Urgent Need of Assistance and Capacity Constraints*). Instability and violence affect the whole country. Of the Republic of Yemen's 22 governorates, 21 are affected directly by airstrikes, armed clashes, and shelling, with thousands killed and injured. The UN declared its emergency operation in the Republic of Yemen as a Level-3 Emergency Response in May 2015 with ten governorates declared to be at the level-4 state of emergency.⁸ The Food and Agriculture Organization (FAO) warned on January 28, 2016, of rapidly deteriorating food insecurity. Yemen imports 90–95 percent of its staple foods, including 85 percent of cereals. Local production accounts for around 20–25 percent of overall food availability. The conflict, import restrictions, and fuel shortages have affected agricultural production, food availability, market functioning, transportation, and distribution. As a result, prices have increased rapidly for imported staple foods and for local produce. Staple food prices have risen by 40–160 percent. The vast majority of the population is suffering from high increase of food prices coupled with significant conflict-related loss of employment and, therefore, income.

13. **The crisis has severely disrupted livelihoods in the agriculture sector, which employs over 50 percent of the Republic of Yemen's workforce and is the main source of livelihood for two-thirds of the population.** The conflict has reduced field activities, disrupted exports, and damaged greenhouses—a major source of vegetable production in the northwest. Power outages and lack of fuel are affecting the storage and transport of perishable produce. High fuel prices are also causing irrigation, transport, and marketing costs to soar, leaving farmers with higher production costs than profits. The average price of live animals has dropped by 30–50 percent for producers due to obstruction of the livestock trade inside the Republic of Yemen and to neighboring countries. Fishing is also affected by insecurity and lack of fuel and electricity, which are causing spoilage and market disruption (internal and exports). Two cyclones that

⁷ Yemen Resilience Programme, UNDP, October 2015

⁸ FAO Executive Brief November 27, 2015.

struck the Republic of Yemen in early November 2015 compounded the situation, causing significant damage in coastal areas that have likely had an impact on the livelihoods of vulnerable farmers and fishers.

14. **Several UN agencies have identified cash assistance and creating income generation opportunities as priority interventions during the emergency.** Among their responses, UNICEF is implementing a small-scale cash transfer program to IDPs, the UNDP is partnering with the SFD to implement small-scale cash-for-work interventions, and the FAO is seeking to implement cash and in-kind transfer activities linked to the production of food within its own responses, to preserve household incomes and increase household resilience to food security threats. The existing and well-tested SFD and PWP labor intensive programs and income generating and service delivery interventions provide an important opportunity in response to the urgent needs described, as well as an important opportunity to preserve the implementation capacity of these programs, which needed to scale down in recent months due to the significantly decreased availability of funding.

Policy Exceptions and Proposed Board Waiver

15. On October 7, 2008, the Bank’s Board of Executive Directors endorsed the ‘World Bank and UN Fiduciary Principles Accord for Crisis and Emergency Situations’ (SecM2008-0404) as a result of which the UN FPA was entered into among certain agencies of the UN and the Bank, including the UNDP. To facilitate UNDP’s implementation of the Project, it is proposed to use the Fiduciary Principles Accord (FPA), and the UNDP operational policies and procedures instead of the usual Financing Agreement and the Bank operational policies and procedures that attend to the Investment Project Financing (IPF) instrument. For that purpose, a Board waiver is proposed to allow the FPA to apply to an IDA-financed project on an exceptional basis.

C. Sectoral and Institutional Context

16. **Before the conflict, the Republic of Yemen instituted an array of social policies and programs that provide a diverse set of social protection benefits to the population.** These include Community-Driven Development (CDD) programs, Small and Micro Enterprise Development (SMED) implemented by the SFD; social safety net programs through a Labor Intensive Works Program (LIWP) under the SFD, a targeted cash transfer program under the Social Welfare Fund (SWF), and a labor intensive PWP. These national programs were established in the mid-1990s, and their capacity was developed through two decades with intensive investments from the donor community and the Government of Yemen (GoY). Contributing factors to the success of these programs include, but are not limited to: non-politicized appointments of their management and personnel, legally supported management autonomy (in the case of SFD which was established under Law # 10 of 1997), performance-based staff hiring procedures, clearly defined implementation procedures including funds distribution and targeting, the community-based and participatory approaches to project identification and implementation, and instituting strong monitoring and evaluation practices. Before the armed conflict in early 2015, the SFD was successfully implementing its Phase IV program with around US\$1.12 billion funding that was committed by over 14 donors including the Bank, with a planned 20 percent Government contribution. The PWP was implementing its Phase IV program with US\$283 million funds committed from five donors with 4 percent

Government contribution. The SWF is a fully Government-funded program that has expanded its coverage over the years reaching current coverage of 1.5 million beneficiary households.

17. The Bank and other regional, bilateral, and international development agencies have funded and supported the SFD and PWP since their inception in 1996. To date, the SFD has disbursed close to US\$1.67 billion in subprojects in over 13,000 villages and 3,700 urban neighborhoods across the poorest districts of the Republic of Yemen's 22 governorates. Between 1996 and 2015, the PWP implemented 5,149 projects in about 11,200 villages and 1,300 urban neighborhoods, totaling an estimated US\$648 million. Both programs have played a significant role in improving access of poor communities to education, water, sanitation, roads, and irrigation, among other activities. Additionally, the SFD has been implementing cash-for-work, rain-fed agriculture, SMED activities through microfinance, small enterprise lending and technical assistance, and capacity building for local government and civil society organizations. Bank experience with SFD and PWP has shown both entities have good reputation for political neutrality, credibility and effective delivery of results.

18. These projects have over the years improved the quality of life for millions of Yemenis and created employment for many of the poorest. The country's experience in implementing interventions through the SFD and PWP has demonstrated significant outcomes in delivering short-term employment, improving access to services, and empowering communities and non-state actors. The latest impact evaluation of the SFD found that almost 70 percent of its funds benefit the poorest three income deciles, and an impact evaluation of the SFD LIWP⁹ found "statistically significant program effects on food consumption, debt repayment and durable goods ownership," and that "the LIWP program played a role in cushioning targeted communities from the economic shock of 2010–2011, averting possible longer term consequences related to selling off assets and increased debt, and positive impacts of the LIWP created infrastructure on water availability."

19. The conflict and the security situation in the country have negatively affected the funding and therefore scalability¹⁰ of these critical programs. This is at a time when their benefits and services are needed most, especially by the poor and vulnerable, to mitigate the negative impact of the conflict, the effects of which could be long-term. The deterioration of the political and security situation in the country has caused a negative impact in all social safety net programs.¹¹ Since the beginning of 2015, the Government has been unable to transfer cash assistance to 1.5 million households benefiting from the SWF. The SFD and PWP, who charge their operating costs to projects signed with donors, have also been affected by the conflict-induced decrease of donor financing. This has significantly depleted the funding available for their operating cost with a high risk of running out of operating funds in the near future – PWP by June 2016 and SFD by December 2016.

20. Despite the significant impact of security and funding challenges, the SFD and PWP continue to operate and adapt to the current environment. The SFD continues to receive

⁹ The evaluation was funded by the U.K. Department for International Development, conducted during 2011–2013 by the University of California Berkley and RAND Corporation.

¹⁰ Retreat of partners and/or reduction of external funding of programs are increasingly affecting these social protection programs.

¹¹ Yemen Socio Economic Update, the Ministry of Planning and International Cooperation.

funding despite the conflict, from the U.K. Department for International Development, the Government of the Netherlands, *Kreditanstalt für Wiederaufbau* (KfW, German Development Bank), the Islamic Development Bank (IsDB), and the UNDP, but at a funding rate that is less than 10 percent of the levels before the crisis. The PWP continues to receive funding from the IsDB, but also at a much lower rate than before the crisis (15 percent). Despite the ability of the SFD and PWP to maintain their core staffing over the past 12 months, with the sharp decline in their funds, both programs are at high risk of losing their staff and hence the capacity of the best service delivery instruments in the country. With such small funding envelopes, both SFD and PWP would not be able to sustain their current implementation capacity for much longer, unless they are engaged in larger operations.

21. Farmers, and medium, small and micro enterprises (MSMEs) have been significantly affected and are struggling to survive. MSMEs along with the agriculture sector are considered the most accessible sectors for the poor to generate income and improve their livelihoods. Both of these sectors generate over two thirds of employment opportunities nationwide. The current conflict has disrupted the country's existing business operations making entrepreneurs and firms either temporarily suspend operations, permanently close or, in the case of larger firms, relocate their operations overseas. Microfinance institutions (MFIs) sustained unprecedented negative impacts in 2015 as a result of the war, particularly those operating in the most affected areas such as Aden and Taiz governorates. The portfolio at risk age has unprecedentedly increased to 29 percent resulting in a drop in the number of financially sustainable MFIs, from five out of eleven in 2014 to one out of eleven in August 2015. The operational and financial performances of MFIs also have been greatly impacted. The inability of most MFIs to reach clients, provide financial services, and collect repayments, along with the closure and destruction of a number of branches, all have caused huge deficits on the MFI's operational self-sufficiency and put a number of those MFIs at risk of collapse.

22. The UNDP has worked in the Republic of Yemen since 1966. It currently employs 13 international and 95 national staff, who support activities in 15 governorates across the Republic of Yemen. Responding to the conflict, the UNDP developed the Yemen Resilience Program with the aim of building resilience from the bottom up, using local systems, capacities, and institutions to progressively strengthen service delivery and governance systems. By promoting a 'building back better' approach and promoting change in the dynamics of conflict, power, and gender relations, the program lays the foundations for future recovery and state-building efforts. The program has three objectives: (a) livelihood restoration through short-term employment and MSME recovery; (b) service restoration; and (c) peace building.

23. In 2015, the UNDP supported different interventions resulting in improved employability and entrepreneurial potential of 784,723 individuals and their family members (direct and indirect beneficiaries) across the governorates of Sa'ada, Hajjah, Sana'a, Taiz, Aden, and Abyan with estimated benefits to 2,144,700 people (direct and indirect). To preserve core institutional capacity, build local capacity, and deliver services, the UNDP has partnered with the SFD in support of the Cash for Work Program (CFWP). The UNDP signed an agreement with the SFD in August and September 2015 for four rural districts of Taiz Governorate, reaching 738 households (including 50 percent of women). The program focused on asset rehabilitation at the community level, more specifically the rehabilitation of agricultural terraces and construction of water collection tanks and latrines. This represented a total of 68,081 work days. In April 2016,

the UNDP and SFD signed a three-year extension of their partnership, including support of the SFD's delivery of social services to deprived communities through the CFWP.¹² Since the start of the conflict, the UNDP has provided three grants to the SFD to support the resumption of social services (water, education, health) while providing employment and livelihoods opportunities that strengthen local economies, which in turn facilitate the return to relative normalcy as well as strengthening social cohesion.

D. Higher Level Objectives to which the Project Contributes

24. The project will contribute to stepping up current efforts by the international community to deliver critically needed livelihood support and services to a population hit hard by the ongoing conflict. The project will contribute to improve the resilience of participating households and communities; help communities hosting IDPs cope with the economic and social pressures on already scarce local resources; contribute to local area economies by supporting local communities, private sector contractors, and small and micro enterprises (SMEs); and improve the purchasing power of benefiting communities.

25. By achieving immediate results in the provision of short-term employment opportunities and safety nets to targeted communities, the proposed project will protect the targeted poor and conflict-affected families and communities from falling into extreme poverty. The proposed project is also directly in line with the work on universal financial access through providing resources to mitigate contraction of Yemen's microfinance sector and help ensure small businesses get support to operate and expand, thus also promoting employment. These interventions establish a clear line of sight to the World Bank Group's strategic twin goals of reducing extreme poverty and promoting shared prosperity in a sustainable manner.

26. The project supports the implementation of the World Bank Group's new strategy Promoting Peace and Stability for Development in the Middle East and North Africa (MENA) Region. Drawing on lessons from the World Development Report 2011, the strategy shifts the Bank's engagement from working around conflict and instability to targeting directly peace and stability. Taking into account the Bank Group's mandate and comparative strengths, the MENA strategy proposes four pillars to tackle both fronts: (a) renewal of the social contract; (b) regional cooperation; (c) resilience to IDPs/refugees shocks; and (d) recovery and reconstruction. The proposed project will contribute to pillars (a) and (c) of the MENA Strategy as well as the proposed World Bank Group CEN of 2017–2018 (Report 106118-YE) which calls for support to the Republic of Yemen's path toward peace and stability, by helping avoid further disintegration of its economic and social fabric.

27. Furthermore, UNDP's implementation of the project with the engagement of the local service delivery programs of the SFD and PWP will contribute to preserving the capacity of the two most effective programs under Yemen's social protection system. It will ensure these important programs are capable and ready to scale up their interventions during the immediate post-conflict period, when the country will need substantial implementation and fund absorption capacity in its recovery and reconstruction efforts. This would help not only deliver rapid and

¹² <http://www.arabstates.undp.org/content/rbas/en/home/presscenter/pressreleases/2016/04/27/undp-and-the-social-fund-for-development-expand-their-cooperation-to-enhance-job-creation-for-the-poor.html>.

much needed services to vulnerable groups and conflict-affected communities but also build the credibility of the peace process during the post-conflict period. Additionally, engaging institutions and programs that are perceived as fair and impartial in delivering services to communities regardless of their political affiliation is essential as a stabilizing force in the current context, marked by armed conflict and political, social, and economic grievances. The community-based approaches and community contracting methodologies are effective development modalities for community engagement, bottom-up capacity building toward future decentralization efforts, reinstating social cohesion, and establishing the building blocks for social accountability measures that would support the Republic of Yemen’s needed new social contract.

III. PROJECT DEVELOPMENT OBJECTIVES

A. Project Development Objectives

28. The project development objective (PDO) of the emergency operation is *to provide short-term employment and access to selected basic services to the most vulnerable; and preserve implementation capacity of two service delivery programs.*¹³

B. Project Beneficiaries

29. The proposed project would benefit about 58,700 impacted individuals through direct wage employment, of which about 30 percent are females, 20 percent IDPs/returnees, and 30 percent youth (age 16-25). The project will also provide access to key services to about 387,000 poor people, of which 40 percent are females. Finally, the project will help keep about 70 percent of SFD and PWP core staff.

C. PDO Level Results Indicators

30. The following indicators will be used to measure achievement of the PDO:

- (a) The number of direct beneficiaries of wage employment (disaggregated by gender, youth, and IDPs)—to measure coverage of income support
- (b) The number of people provided with access to key services (disaggregated by gender) —to measure potential coverage of community and social services
- (c) The percentage of core¹⁴ staff positions of the SFD and PWP retained—to measure preservation of the capacity of these critical national programs

IV. PROJECT DESCRIPTION

31. The project will implement small, fast-disbursing interventions that serve as a rapid response, providing households and communities affected by the conflict with income support (as wages) to purchase basic necessities. These short-term interventions will also deliver benefits

¹³ Namely, the SFD and PWP.

¹⁴ Main staff, excluding consultants, critical in ensuring that both SFD and PWP continue to be operational.

to the wider community by creating community assets, small infrastructure, and improved access to basic service delivery, as well as restoring livelihoods (for example, the SMEs interventions). They will bring communities together around common humanitarian and development initiatives and hence promote social cohesion and the protection of human capital. The project will give special attention to youth and, as an important peace dividend, provide them with income and participation opportunities, and will include design features that ensures women's access to project opportunities. The project will also finance the operating cost of SFD and PWP to ensure continuation of their core staff and operational capacity. The project will be implemented through two components. Detailed descriptions of each component are provided in Annex 2.

A. Project Components

Component 1: Labor Intensive Works and Community Services (estimated IDA contribution US\$45.00 million equivalent)

32. The overall objectives of the component are to (a) provide income support to targeted communities through temporary employment opportunities, (b) increase the productive assets and means of livelihood of beneficiary households and communities and improve access to community and social services, and (c) preserve the implementation capacity of the SFD and PWP, as key national service delivery programs. The component will be implemented through three subcomponents that engage the SFD in subcomponents 1.1 and 1.3, and PWP in subcomponent 1.2, which build on existing and well established programs implemented by these entities. Although both subcomponents 1.1 and 1.2 will deliver labor intensive interventions, their primary objectives and approaches are different: subcomponent 1.1 delivers cash for work with a safety net approach, whereby beneficiaries of the cash are at the individual household level, while the primary objective of subcomponent 1.2 is to create community assets and improve community infrastructure, and in doing so generate short-term employment for participating workers.

Subcomponent 1.1: Cash-for-Work and Youth-targeted Community Services (US\$25.00 million)

33. The subcomponent will implement labor intensive works subprojects determined by the community, such as in irrigation, water harvesting, rehabilitation of agricultural terraces, maintenance and improvement of village access roads, improvement of drinking water resources, watershed management, agricultural inputs, or others based on the priority needs identified by each targeted community. Each participating household would be eligible to receive a maximum of US\$500 (depending on the household size) in the form of labor wage. The size and number of interventions assigned to each community will be determined by the total budget envelope allocated to the community, as calculated based on the number of households who register for participation in labor. The subcomponent will also finance subprojects that provide income opportunities, training and work experience to youth in the 16 to 25 year¹⁵ age bracket, engaging them in the delivery of community services, including literacy, alternative schooling, nutrition services, planting trees, paving of roads, cleaning shorelines, and in youth initiatives promoting the protection of human capital through special attention to nutrition-related interventions; and

¹⁵ Yemeni law allows youth to start working at the age of 16 as mandated by the International Labour Organization. However, this should be only for light work.

peace building and social cohesion interventions, as may be proposed by communities and youth groups.

34. The subcomponent is expected to create approximately 900,000 work days of employment, over 32,000 direct beneficiaries are expected to benefit from the wage labor, and about 92,600 individuals will have access to basic services. The wage intensity of subprojects under this subcomponent is expected to be at least 50 - 60 percent of the average total cost of subprojects. The subcomponents will be implemented through a contractual arrangement and grant provision from the UNDP to the SFD. The SFD will deliver these subprojects with the direct involvement of community and civil society groups (for example, community-based organizations, user groups, village cooperative councils, and local NGOs) using various implementation methods focused on community-based approaches, such as community contracting. The grant under this subcomponent will finance community grants, wages, training of youth and communities, consultants' services, goods, works, non-consultant services, and operating costs of SFD.

Subcomponent 1.2: Small Community Infrastructure (US\$15.00 million)

35. The subcomponent will implement labor intensive, small-scale infrastructure provided through contracting local private sector contractors. Subprojects will include, but are not limited to, water harvesting schemes, stone paving of village access roads and streets, water supply, sewage, and school rehabilitation, among others, based on the priority needs identified by each targeted community. The choice of these subprojects takes in consideration communities' ability to operate and maintain the supported infrastructure and would not require technical expertise to do so; technical specification of roads and schools construction will comply with the standards prepared by relevant sectoral authorities, as applicable. Wage intensity of subprojects will have to meet the requirement of 35¹⁶ percent or above of the subproject cost. This subcomponent will create approximately 256,000 work days of employment, about 20,000 direct beneficiaries are expected to participate in labor, and over 310,000 individuals will have access to basic services. The subprojects will be implemented through a contractual arrangement and grant provision from the UNDP to the PWP. The grant under this subcomponent will finance works, goods, consultants' services, training, non-consultant services, and operating costs of PWP.

Subcomponent 1.3: SME Revitalization and Employment Generation (US\$5.00 million)

36. The subcomponent will directly support around 2,000 SME clients of microfinance that have been severely affected by the conflict, by relieving them from their current outstanding loans with the MFIs and by supporting the rehabilitation of their enterprises. The project will use the existing solidarity funds (Takaful Fund) within each MFI to pay off the outstanding loans of the targeted SMEs and channel the support needed to rehabilitate and revitalize their damaged businesses. Moreover, given the important role the microfinance industry plays in contributing to the alleviation of poverty, the project will support the operating deficit of at least seven rural-based MFIs, which will enable them to sustain their levels of capacity and outreach, to continue to provide the financial services needed by the poor.

¹⁶ The kind of work required in PWP's interventions is more capital intensive than those under sub-component 1.1

37. Additionally, the subcomponent will support 800 farms of essential crops, affected by the conflict, with seeds, seedlings, drip irrigation systems, and other agriculture inputs. The agriculture inputs will substitute for farmers' damaged inputs and restore their ability to grow food, generate income, and create wage employment. The focus will be on farms of horticulture products, such as tomatoes, potatoes, and cucumbers, and cereals such as wheat, sorghum, and oats. It is expected that this intervention will generate 6,400 seasonal and permanent employment within the agriculture sector, increase farmers' resilience, and increase the supply level and access to basic food commodities within the targeted communities. The subcomponent will be implemented under the same contractual arrangement and grant provision from the UNDP to the SFD as in Subcomponent 1.1 and will be implemented through the SFD's well-established SMED Program.

Component 2: Project Management and Monitoring (estimated IDA contribution US\$5.00 million equivalent)

38. This component will support project management and monitoring and evaluation (M&E) to ensure that the project is successfully and efficiently implemented in conformity with the Project Appraisal Document and the Disbursement Agreement. The component will finance: (a) the UNDP's general management support (indirect) costs; (b) direct project management and supervision costs required to support implementation of the project; (c) hiring of a third-party monitoring (TPM) agency; and (d) project evaluation. The UNDP's project core management and implementation support team will include project manager, team leader, project coordinator, communication and social accountability specialist, M&E specialist, procurement analyst, financial management specialist, and administrative assistant. Terms of reference for the TPM agency and project evaluation will be agreed with the Bank. The project will maintain a 'live' monitoring system, which entails frequent data collection from the field, with the use of digital technology when possible, collecting and reporting on stories from the field, establishing grievance redress procedures, and through quarterly visits and reports from the TPM agent. Biannual progress reports will be prepared by the UNDP and submitted to the Bank no later than 45 days after the end of each reporting period. Financial reports will be submitted to the Bank in accordance with the FPA. Additionally, final reports of the TPM agency will be shared with the Bank.

B. Project Financing

Financing Instrument

39. The financing instrument of the proposed project is a grant-based Investment Project Financing with an operational life of two years. It will be financed through a US\$50 million equivalent IDA grant to the UNDP, as recipient and implementing agency of the proposed project, through an application of the 2008 World Bank and UN FPA for Crisis and Emergency Situations.

Project Cost and Financing

40. The project would be financed by an IDA grant of US\$50 million. Component estimated costs are presented in Table 1.

Table 1. Proposed Project Financing (US\$, millions)

Project Components	Project Cost	IDA Financing	Percent Financing
Component 1: Labor Intensive Works and Community Services	45.00	45.00	100
1.1 Cash-for-Work and Youth-targeted Community Services	25.00	25.00	100
1.2 Small Community Infrastructure	15.00	15.00	100
1.3 SME Revitalization and Employment Generation	5.00	5.00	100
Component 2: Project Management and Monitoring	5.00	5.00	100
2.1 UNDP Indirect Cost*	2.38	2.38	100
2.2 UNDP Direct Cost	2.27	2.27	100
2.3 TPM and Evaluation	0.35	0.35	100
Total Project Cost	50.00	50.00	100

*The indirect costs have been exceptionally approved by UNDP in light of the emergency context of the project

C. Lessons Learned and Reflected in the Project Design

41. The ongoing crisis in the Republic of Yemen has indicated that the Bank’s partnership with the UN system and humanitarian agencies is crucial for basic service delivery during periods of conflict. The suspension of disbursements in most Bank-funded operations has shown its limitation in providing basic services such as health, social protection, water, and education during conflict. A current partnership with UNICEF and the WHO for the implementation of key activities under Bank-funded health and nutrition projects proves that such partnerships are essential during a conflict.

42. The choice of exceptional application of the FPA for the proposed project stems from the lessons drawn from the successful implementation of the Horn of Africa Emergency Health and Nutrition Project, the only IDA project for which the FPA instrument was used. The Implementation Completion and Results Report of that project shed light on how successful and satisfactory this project was as evidenced by the achievement of the project development objective and the surpassing of all PDO indicators as well as the satisfactory rating by IEG of the outcome as well as the implementing agency (UNHCR) performance. This success was largely made possible by the Board waiver which enabled substantial policy exceptions and subsequently, the rapid preparation, efficient implementation, and results achieved, which would not have been possible otherwise. In particular, the contracting of the specialized UN partner agencies, thanks to the FPA, enabled the Bank to satisfactorily provide effective emergency response as well as bridge the gap between the humanitarian response and the broader development agenda, when the need for speed and flexibility were vital to tackle an emergency crisis. Finally, the success of this project using the FPA largely outweighed the development impact risks from not responding quickly and shed light on the Bank’s flexibility and pragmatism.

43. Among factors influencing the conflict has been the question of trust in national institutions. In addition to mitigating urgent consequences through the programs outlined in this appraisal, assistance provided, for example, through the SFD and PWP, will help maintain key, trusted Yemeni development institutions and programs, important not only for current emergency activities but also for the post-conflict recovery phase. Bank experience over the last two decades with SFD and PWP, including during the 2011 – 2014 fragile operating

environment, has shown both entities have good reputation for political neutrality, credibility and effective delivery of results. Several factors contributed to this, including: objectivity and transparency in fund allocations and targeting, best practice administrative and fiduciary procedures, the technical quality standards of projects they support, and their contributions to building the capacity and quality of local community groups and of small and medium private sector contractors and enterprises - all of which are considered important for the Republic of Yemen's recovery and reconstruction.

44. The experience of the Republic of Yemen in CDD, which has supported and promoted the establishment and empowerment of an expanded network across the country, has been instrumental in the delivery of relief and crisis response interventions funded by the UN and other donor agencies during the present conflict. Both SFD and PWP have wealth of experience working with local communities and community-based organizations (CBOs) in implementing small infrastructure and social service interventions and building community capacities to maintain and operate these assets. The CDD approach can be capitalized on to strengthen networking of CBOs and NGOs for service delivery efforts and to enhance the voice and participation of citizens while strengthening their role in holding service providers accountable. Going forward, bringing this participatory approach to scale will promote inclusion and set the ground for bottom-up support to decentralization, giving citizens a stake in local decision making and improving development outcomes.

45. Lessons from various conflict and post-conflict environments show the importance of 'quick wins': projects that have a visible positive impact on the quality of life of the majority and in the delivery of services of relevance to communities. As national institutions undergo change following conflict, it is often only communities that can offer support. Communities further include the need for a fair distribution of benefits, allocating resources based upon objective criteria rather than political, ethnic, or religious affiliation. This also includes supporting tangible short-term interventions that can quickly promote income generation, smooth consumption, and provide channels to manage risk. Financial inclusion and microeconomic development opportunities, particularly for vulnerable segments including farmers, have proven effective in other post conflict environments.

46. Another important lesson identified in the Yemeni experience and elsewhere is the need for youth employment projects. The share of young males in a population is a major risk factor explaining conflict: the more that they have employment opportunities provided, the less likely they will be attracted to take up arms and prolong the conflict.¹⁷ Further, job creation projects are among the most effective means of stabilizing communities and keeping peace immediately after conflict, and they buy time until the private sector can grow enough to absorb the labor supply at stable, market-clearing wages.¹⁸ Bank experience in post-conflict transitions also points directly to the critical role of youth employment and cash transfers in 'buying time for peace', that is, sustaining emergency efforts past the immediate relief phase and ushering in sustainable service

¹⁷ Collier, Paul. 2007. *Post-Conflict Recovery: How Should Policies Be Distinctive?* Oxford University, Centre for the Study of African Economies, Department of Economics.

¹⁸ Beasley, Kenneth W. 2006. *Job Creation in Post-Conflict Societies*. U.S. Agency for International Development - Center for Development Information and Evaluation.

delivery. Employment programs, however, should point to the hope of social cohesion; open access to jobs for all youth.

V. IMPLEMENTATION

A. Institutional and Implementation Arrangements

47. The proposed project will be implemented by the UNDP under the FPA. As a result, the UNDP will be fully responsible for implementation, and the procurement, financial management, safeguards, and disbursement procedures of the UNDP—as the implementing UN agency—will apply. The UNDP representation in the Republic of Yemen will be responsible for implementation of the project. The project will be implemented partially through direct implementation and through subcontracts with implementation partners, in accordance with the project component descriptions (section IV A), using the UNDP standard Subproject Agreements.

48. The project falls under the UNDP's Yemen Resilience Program which has three main thematic areas: youth employment and livelihoods, service restoration, and peace building. The project will be managed by the UNDP main office in Sana'a under the country director and will be supported by the sub-office in Aden, the regional hubs in Saada, Hodeidah, and Ibb, and project offices in Socotra and Hajja. The regional hubs are staffed with hub coordinators, M&E officers, and support staff, and they extend support to all governorates. The UNDP's regional hub in Jordan will provide advisory support and will host the Joint UNDP/Bank Technical Review Missions. National and international field-based staff will support implementation and monitoring under the leadership of a project manager.

49. To achieve the objective of preserving the implementation capacity of existing service delivery structures in the Republic of Yemen, the SFD and PWP have been selected at the country level as recipients of subcontracts from the UNDP for implementation support of Component 1. Accordingly, the UNDP will engage the SFD and PWP as its implementation partners, given their track record of effective implementation of similar interventions, their geographical outreach capacity, and the need to serve the objective of preserving and restoring the capacity of these important national institutions from deteriorating further, also given the withdrawal and/or reduction of donor funding due to the conflict. The UNDP has undertaken a recent capacity and readiness assessment of implementation partners, the SFD and PWP, which confirmed their adequate implementation capacity and fiduciary arrangements. Accordingly, the UNDP decided on the appropriate contractual arrangement in accordance with their operational guidelines.

B. Fiduciary and Governance Implications of the FPA

50. **Treatment of fraud and corruption issues under the FPA.** Under the FPA, the UNDP will rely on its own procedures for addressing fraud and corruption. As such, the sanctions provisions embedded in the application of the Bank's procurement and sanctions guidelines (including the Bank's right to investigate allegations of fraud and corruption) do not apply to FPA-based grants to the UN. The fiduciary standards and practices that are the basis for the FPA include a specific component on addressing fraud and corruption and are further detailed in

annex 3. The elements of this component cover the main ingredients of a system to address fraud and corruption both within the institution and in relation to third parties in the context of operations. These elements are: (a) staff regulations and administrative requirements and procedures to ensure the ethical behavior of management and staff; (b) an established hotline and whistleblower protection program; (c) an internal investigations function that is either independent or set up to operate without management interference; and (d) a system for excluding from the procurement process, temporarily or permanently, firms or individuals determined by the UN to have engaged in fraudulent or corrupt activities. As a signatory to the FPA, the UNDP provides an assurance to the Bank that its internal policies, rules, and practices are consistent with the elements included in this component on addressing fraud and corruption.

51. **Process for addressing fraud and corruption.** The agreed process for addressing serious issues and particularly fraud and corruption represents one of the key elements of the FPA. While the UNDP will address any allegations or information relating to fraud and corruption in accordance with its own accountability and oversight framework and established procedures, the requirement to notify the Bank about any such allegations or information and to inform it about the progress and results of an investigation and any follow-up actions is expected to open new channels of communication and a culture of cooperation between the two institutions in this important area. In addition, the FPA provides for, as needed, senior-level consultations between the two institutions and for the application of remedies to address any shortfalls identified as part of the overall process.

52. **Treatment of debarred or disqualified firms.** Under the FPA, the UNDP through its procurement policies and procedures will require potential contractors or vendors to disclose whether they are subject to any sanction or temporary suspension imposed by the Bank; and will notify the Bank to contract a firm debarred by the Bank before concluding a contract with that firm. In addition, the Bank has the right to refuse financing of any UNDP contracts with firms debarred by the Bank.

53. **Process for addressing serious issues.** The FPA includes a specific process for addressing serious issues (including fraud and corruption) based on the elements of notification, reporting, elevation, and application of remedies, if needed. The UNDP will be obligated to

- (a) **notify** the Bank of any information that indicates the need for further scrutiny of its use of funds, to which the FPA applies (including allegations of corrupt, fraudulent, coercive, or collusive practices in connection with use of such funds);
- (b) **report** to the Bank the actions it has taken and is taking in connection with such information in accordance with its accountability and oversight framework and established procedures, including information relating to any investigations and any follow-up actions (including application of its contractual remedies, efforts to recover misused funds, and so on); and
- (c) **participate** in direct senior-level consultations with the Bank if it reasonably believes that timely and appropriate action has not been taken.

54. If, after following this process, the Bank reasonably believes that the actions taken by the UNDP have not been sufficient to discharge its fiduciary obligations with respect to the funds constituting the grant, it may exercise its remedies of suspension and termination in accordance with the provisions of the legal agreement for such grant.

C. Bank Implementation Support Arrangements

55. **Arrangements for Bank implementation support.** The application of the FPA to an IDA operation requires special arrangements during project implementation as Bank policies related to implementation support do not apply. In this case, arrangements are proposed to consist of Bank technical review missions jointly with the UNDP—when and if Bank internal guidelines permit missions or if agreed with the UNDP to undertake reverse missions outside the Republic of Yemen—and an internal Bank oversight committee.

56. **Joint technical review missions/reverse missions.** It is proposed that the Bank team conduct joint technical review missions with the UNDP. It is expected that early joint technical review missions would include the purpose of assessing whether IDA resources were indeed supporting rapid implementation. The UNDP has indicated that it would appreciate the Bank’s technical support and guidance given the Bank’s extensive experience in labor intensive works and CDD approaches, and, as feasible, 30 staff weeks are proposed to that effect for each of FY17 and FY18.

57. **Bank oversight.** The FPA paper suggests that, for Bank-administered trust funds, oversight could be entrusted to an internal Bank senior management oversight committee. It is proposed to adapt this concept to the proposed operation, with an oversight committee to oversee and make decisions about remedies in connection with the UNDP-implemented activities. In particular, the committee’s functions/responsibilities will consist of: (a) reviewing periodic financial and progress and results reports measured by targets and benchmarks agreed at the time of project approval; (b) applying the agreed process for dealing with serious issues, including fraud and corruption; (c) reviewing progress reports on actions taken to address a serious situation and results obtained, including details of any recovery of funds or write-off of losses; and (d) exercising remedies of suspension and termination in accordance with the provision of the legal agreement, if necessary.

58. Given the terms of the FPA, the Bank will not provide implementation support but instead, the senior management committee will be exercising an oversight role akin to that of an internal watchdog/auditor. The committee will receive progress reports, and if required meet and monitor the timeliness of implementation of the proposed emergency response, in addition to, when warranted by a serious situation, meeting the responsibilities set out in the Disbursement Agreement (that is, the Grant Agreement). This approach has been successfully taken by the Bank under the *Horn of Africa Emergency Health and Nutrition Project (IDA Grant No. H735)*, which is now closed. Under that project, the oversight committee did not meet because of the project’s satisfactory performance and the fact that no serious situations arose which would have required the guidance and decision of the senior management oversight committee.

59. **Closing date and implementation schedule.** Given the magnitude of the crisis in the Republic of Yemen, the proposed emergency operation is being planned with a two-year

implementation period (July 20, 2016–February 28, 2018). It is anticipated that 70 percent of the proposed US\$50 million IDA grant will be disbursed during FY17, with the remaining disbursements occurring in FY18. The planned closing date is August 31, 2018.

D. Results Monitoring and Evaluation

60. The project will be implemented under the FPA and, as a result, the UNDP will carry out all M&E activities. The UNDP will be responsible for ensuring frequent monitoring of project implementation, for follow-up with its implementing partners regarding overall progress, and progress toward achieving results indicators in accordance with annex 1. In accordance with the FPA, the Bank will not conduct implementation support missions. However, upon agreement with the UNDP, joint technical review missions will be undertaken outside the Republic of Yemen, unless the security situation permits Bank staff to travel to the Republic of Yemen.

61. In addition to its regular M&E activities, the UNDP will hire an independent TPM agency to undertake quarterly performance verification and field monitoring of subprojects funded under the project. The TPM agency will report on the subprojects outputs as well as the delivery of job opportunities to the intended beneficiaries and the processes implemented by the UNDP partners. The UNDP will share the TPM agency reports with the Bank and will include in the report the actions taken to address any implementation issues identified by the TPM agency.

E. Sustainability

62. Following well established CDD approaches and existing modalities implemented by SFD and PWP, sustainability of investments in the subprojects is ensured by the adoption of a community-based approach: local communities are responsible for the identification, operation, and maintenance of the subprojects. Sub-projects that will require operations and maintenance (O&M) beyond the community, will be excluded unless proven to have the needed O&M arrangement in place. Sustainability of labor intensive works will be ensured by (a) mainstreaming O&M measures throughout the subproject cycle; (b) requiring full community involvement throughout the subproject cycle (identification, preparation, implementation, monitoring, and O&M) to promote community ownership; and (c) reviewing O&M responsibility as an explicit feature of subproject appraisal. The youth employment interventions will provide participating youth with skills that may help their future employability. The UNDP partnership with the SFD and PWP for the delivery of subprojects will support, restore, and preserve local capacity for the delivery of services and safety net interventions. These are greatly needed both in the current context as well as for post-conflict rapid response. The GoY and its development partners have invested substantially in building the capacity and efficiency of these two national programs. While operating as the sole accountable executor of the IDA grant, it is expected that the UNDP will leverage the considerable in-country capacity of the entire Yemen UN Country Team.

VI. KEY RISKS

Table 2. Risk Ratings Summary Table

Systematic Operations Risk- Rating Tool (SORT)	
Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	High
3. Sector Strategies and Policies	High
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	High
7. Environment and Social	High
8. Stakeholders	High
9. Other – Lack of Government Counterpart	High
OVERALL	High

A. Overall Risk Rating Explanation

63. The overall risk rating for the proposed project is “High”. This rating stems from the exceptional context of this emergency operation and the ongoing conflict in the Republic of Yemen. The key risks that may hinder the effective implementation of the project include: political and governance risks; technical design risks; environmental and social risks; and fiduciary and stakeholders risks.

64. **Political and governance risks.** Implementation of the project could significantly be hindered by the ongoing conflict in the Republic of Yemen, which affects almost all governorates, and the poor and increasingly deteriorating security situation. This may prevent effective implementation and regular supervision of project activities and could result in resource diversion or funds only benefiting beneficiaries residing in districts and governorates linked to political/confessional interests. Additionally, control of geographical areas of the country by different political/religious factions could lead to interference and inappropriate targeting and selection of subprojects and/or elite capture. The choice of SFD and PWP as UNDP’s implementing partners is a key mitigation measure, given their reputation for political neutrality and objectivity, objective and transparent fund allocation and targeting approach has been agreed and will be monitored for compliance. Geographical and beneficiary targeting were agreed based on publicly available data; eligibility, and selection criteria for the approval of community-driven subprojects were also agreed during preparation of the project and are clearly captured in this project appraisal document. Citizens and communities will be engaged in subproject selection and beneficiary selection, preparation, monitoring, operation, and maintenance. The UNDP will also design and implement monitoring and communication activities within the communities and use the existing grievance redress mechanism (stakeholder response mechanism) that will address any potential deviation from the project roles. Additionally, a TPM

agency will visit project sites and conduct frequent checks that would inform the need for action, if any.

65. **Macroeconomic risks.** The economic impact of the crisis has been devastating for the Republic of Yemen, aggravating an already deteriorating pre-conflict economic performance. In 2015, the economy contracted by about 28 percent of gross domestic product (GDP), while inflation has been estimated to have reached about 30 percent. The resulting fiscal pressures led to a sharp reduction of expenditures (from about 28 percent of GDP in 2014 to 21 percent in 2015) while revenues suffered an even larger shock (from about 24 percent of GDP to 10 percent, in these same years, respectively). The Republic of Yemen's hydrocarbon industry (oil and gas) has traditionally delivered about 50–60 percent of fiscal revenues and as much as 80–90 percent of export earnings, but production came to a halt in March 2015, depriving Yemen from a key revenue source for financing public services or funding imports like food on which the population depends. The situation in 2016 has not improved and is estimated to have become worse. While these risks cannot be mitigated through this project, the project is nonetheless a modest contribution to maintain most urgently needed public services and capacity.

66. **Technical design and institutional capacity risks.** The project design builds on well-tested designs and implementation modalities in Yemen and internationally, as well as a strong track record of implementing similar interventions including during crisis by SFD and PWP. However, although the UNDP has experience in labor intensive works, community-based interventions, and SMED, this was not the focus of their program in Yemen until recent years and therefore is more limited. The UNDP's contractual partnership with the SFD and PWP will capitalize on their experience and track records in delivering such interventions at a large scale. The ongoing conflict and restrictions on imports have led to severe shortages in fuel products, and a significant increase in their cost may not encourage enough contractors to be engaged. Risks will be mitigated by the diversity of interventions and implementation modalities (community contracting, NGOs, SMEs, and contractors); the selection of small infrastructure that depends on locally available material; the giving of a larger weight to the community contracting approach; the use of simple, standard designs will provide reasonable mitigation measures; and by allowing for flexibility to reallocate funds within subcomponents as needed during implementation. The security challenge and frequent mobility of the population fleeing heavily conflict-affected areas, may compromise the ability of the UNDP and its implementing partners to adequately identify eligible potential beneficiaries. This will be mitigated by the strong field presence and knowledge of UNDP's implementation partners. UNDP has been monitoring the situation closely in coordination with other relevant UN agencies. The UN system has extended track record in identifying eligible households in conflict-affected settings. They have current standing partnerships with local NGOs and CBOs and extensive experience in reaching out to most affected communities.

67. **Environmental and social risks.** Given the application of the FPA to this project, Bank environmental and social safeguards policies will not apply. Rather, the UNDP's environmental and social guidelines will be applied for this operation, according to standard UNDP project implementation mechanisms. The application of these guidelines, which are broadly consistent with those of the Bank, will help mitigate potentially high adverse environmental and social impacts stemming from the selection and implementation of subprojects. The TPM agency to be hired will monitor environmental and social safeguards and help ensure compliance. The conflict

context may produce social tensions during project implementation, concerning prioritization of subprojects, locations, and selection of participants. Measures to be undertaken to address these risks will be reflected in the Operations Manual for the project. The measures will include clear definition of targeting and selection criteria; participatory preparation and implementation of subprojects; frequent communication with communities and local stakeholders; grievance redress/ stakeholder response mechanism procedures to ensure timely handling of grievance redress; public disclosure of the reasons for the rejection of subprojects, if any, to increase transparency; and so on.

68. **Fiduciary, stakeholders, and other risks.** Although the proposed project oversight measures and remedies and other mitigation measures identified above are considered adequate, the proposed response to this humanitarian crisis will expose the Bank to higher-than-usual operational risks. Nonetheless, while the context of the proposed operation is high risk, the approach outlined is viewed as the only way to ensure that households and communities that are highly affected by the ongoing violent conflict in the Republic of Yemen receive vital income support through short-term employment and critical basic services. While the application of the FPA addresses such risks, a reputational risk arising from implementation issues related to fiduciary, stakeholders, and the lack of official government counterpart risks remains. The FPA and the Bank's senior management oversight committee contain features intended to mitigate this: agreed reporting requirements; a joint resolution mechanism for serious issues that merit further scrutiny, including fraud and corruption; the inclusion of appropriate remedies (including the right to suspend or to terminate further disbursements); and a clear delineation between the responsibilities of the UNDP and the Bank. While the FPA does not provide *ex-ante* guarantees, it serves the purpose of an effective global response to emergencies by forging a more effective partnership with the UNDP based on trust, complemented pragmatically with reasonable elements of self-certification, notification, and escalation, if necessary, as well as reporting and review. While these measures are sound, they cannot eliminate all risks associated with agreeing to provide IDA resources in response to crisis situations, generally, and with using the FPA model in particular. On balance, however, the alternatives of inaction or a much delayed response to the crisis would be more costly from a development point of view.

VII. APPRAISAL SUMMARY

A. Technical

69. The design of the proposed operation has taken into consideration lessons learned from previous country experience and from Bank-wide experience with emergency response operations. These include using the existing capacity of SFD and PWP in emergency labor intensive works interventions, as well as building on experience from previous Bank implementation partnerships in Yemen, with UNICEF and the WHO in the health sector.

70. The design also builds on Yemeni and international experience of a multi-layer approach while paying particular attention to a new set of dynamics forged by political and sectarian tensions, increased security concerns, a fraying social fabric, and the uneven impact of the war, generally focusing on communities living much closer to the edge of survival. While covering all of Yemen's 22 governorates for political and conflict considerations, selection of districts within governorates will ensure objective and transparent criteria. Moreover, given the widespread

impact of the conflict on a high percentage of the population and for a do-no-harm consideration, self-targeting at the beneficiary level will be applied. However, several interventions, by design, make provisions for targeting women and youth explicitly.

71. The UNDP will engage national programs, namely the SFD and PWP to ensure the preserving of local institutions capacity and the resilience of much needed employment and service delivery programs. The project will also engage a wide network of non-state partners, including community-based organizations (CBOs), NGOs, and the private sector (for example, contractors and SMEs). It will, therefore, contribute to paving the way toward a more inclusive future in the Republic of Yemen by actively seeking to build social cohesion, empower communities, and foster a role for non-state actors.

B. Financial Management

72. **Financial management and disbursement arrangements.** The project would be implemented under the FPA, and, as a result, the financial management and disbursement procedures of the implementing UN agency (UNDP) would apply. The UNDP will maintain, or cause to be maintained, a financial management system, including records and accounts, adequate to reflect the transactions related to the activities, in accordance with the requirements of the UN's Financial Regulations and Rules. The UNDP will maintain a separate ledger account (Grant Control Account) in its books to record the financial transactions of this project. The UNDP shall prepare, on a six-monthly basis, interim unaudited financial reports (IFRs), in accordance with accounting standards established pursuant to the UN's Financial Regulations and in the format agreed with the Bank, adequate to reflect the expenditures related to the grant. The IFRs will be provided to the Bank no later than 45 days after the end of the six-month period.

73. The UNDP will provide the Bank with an annual financial statement of account certified by the UNDP's chief financial officer, showing receipts and expenditures as of December 31 each year, with respect to the grant. Such financial statement of accounts will be provided within six months after the closure of the UNDP's accounts for the year to which the annual financial statement relates. The Grant Control Account will be subject exclusively to the internal and external audit arrangements applicable to the UNDP as set out in the UN's Financial Regulations. The UNDP will make their externally audited financial statements and accompanying reports of their external auditors on their financial statements available to the Bank in accordance with Article 2(b) (II) of the FPA. The UNDP will retain all records evidencing all expenditures in respect of which withdrawals from the Grant Control Account were made, in accordance with its regulations, rules, policies, and procedures relating to retention of records.

74. The grant proceeds will be transferred into the UNDP's official bank account based on a written notice of withdrawal submitted to the Bank by the designated UNDP official(s). The UNDP's first notice of withdrawal will cover projected expenditures for the activities for the first nine months of implementation. Subsequently, the UNDP will submit notices of withdrawal each six months thereafter, and each such notice will cover an amount representing the UNDP's good faith projection of the expenditures for the following nine months, up to the project's closing date, reconciling against amounts previously withdrawn against the project budget.

C. Procurement

75. The proposed project will be implemented under the FPA, and, as a result, the procurement procedures of the implementing UN agency (UNDP) apply with due consideration to Component 2, annex 1, and paragraph 3, annex A of the FPA. All contracts for works, goods, and consulting services will be below US\$200,000 and within the capacity of the UNDP's implementation partners.

D. Social

76. The project is expected to have a positive impact on participating poor communities and IDPs and to contribute to the inclusion agenda by actively seeking to support social cohesion, empower communities, and foster a role for non-state actors. The community contracting approach and youth employment for service delivery entail design parameters that ensure women are provided an equal opportunity to benefit from the employment opportunities (for example, targeting female-headed households, allowing flexibility in work hours, and providing on-site child care). Women are also expected to be employed under the community service interventions (for example, as community health promoters and teachers). Women are primary beneficiaries of the community assets. For example, access to water will particularly benefit women and girls through time savings, enabling them to make more productive use of their time. The targeting of youth provides alternatives for them to engage in productive and peaceful activities, as well as inspiration to engage in positive social change. Citizen engagement and community participation in subproject selection, preparation, monitoring, and O&M, provide sustainability to the subprojects. Finally, social accountability will be taken into consideration through (a) the ability of beneficiaries to voice complaints and provide feedback through well-established grievance redress mechanisms; (b) public information on the availability of employment opportunities created by the project, (c) independent verification through the TPM agency; and (d) the UNDP's regular field monitoring activities. Because the project will be implemented under the FPA, the UNDP's 2014 Social and Environmental Standards (SES) would be adopted for this type of intervention and the Bank will rely on UNDP's policies, procedures, and practices to manage any E&S impact of this project.

E. Environment

77. Given the application of the FPA for this operation, Bank safeguard policies do not apply. Rather, the UNDP's 2014 SES apply and will be adopted for this operation and the Bank will rely on UNDP's policies, procedures, and practices to manage any E&S impact of this project.

Annex 1: Results Framework and Monitoring

PDO Level Indicator	Core	UOM	Baseline Original Project Start	Accumulative Target Values**			Frequency and Reports	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition and so on)
				FY 2017	FY 2018	TOTAL				
Indicator One: The number of direct beneficiaries of wage employment (core indicator: # of beneficiaries of safety net programs) Total # Female % IDPs/Returnees % Youth % (age 16-25)	<input type="checkbox"/>	No.	0	36,500 30% 20% 30%	58,700 30% 20% 30%	58,700 30% 20% 30%	Every six months	Administrative data Progress reports	UNDP	Aggregate number of all subcomponents under 1.1., 1.2., and 1.3.
Indicator Two: The number of people provided with access to key services Total # Female %	<input type="checkbox"/>	No.	0	265,000 40%	387,000 40%	387,000 40%	Every six months	Administrative data Progress reports	UNDP	Aggregate of SFD&PWP # of people who have potentially access to a specific basic services.
Indicator Three: The percentage of core staff positions: SFD PWP	<input type="checkbox"/>	%	100% 185 in # 53 in #	70%	70%	70%	Every six months	Administrative data Progress reports	UNDP	Percentage of core staff of SFD and PWP pre-crisis/# of current core staff of SFD and PWP
Intermediate Level Indicator (By subcomponent)	Core	Unit	Baseline Original Project Start	Accumulative Target Values			Frequency and Reports	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition and so on)
				FY 2017	FY 2018	Total				

Component One: Labor Intensive Works and Community Services										
<i>Subcomponent 1-1: Cash-for-Work and youth-targeted community services</i>										
Number of working days created Total #	<input type="checkbox"/>	No.	0	476,000 (for a total of 18,300 workers)	900,000 (for a total of 32,300 workers)	900,000 (for a total of 32,300 workers)	Every six months	Administrative data Progress reports	UNDP	Total # of working days for all beneficiaries aggregating data for Female/Male; IDPs/Returnees; and Youth
Female %				30%	30%	30%				
IDPs/Returnees %				15%	15%	15%				
Youth (16-25 yrs) %				35%	35%	35%				
Cubic meters of water schemes constructed /rehabilitated	<input type="checkbox"/>	m ³	0	10,200	84,100	84,100	Every six months	Administrative data Progress reports	UNDP	Capacity of water schemes constructed/rehabilitated
Area of agriculture land and terraces rehabilitated	<input type="checkbox"/>	Hectare	0	212	390	390	Every six months	Administrative data Progress reports	UNDP	Area of agriculture land and terraces rehabilitated
Length of roads improved	<input type="checkbox"/>	Km	0	14	23	23	Every six months	Administrative data Progress reports	UNDP	roads paved or improved
Number of people (women and children) benefited from the nutrition services	<input type="checkbox"/>	No.	0	Women: 2,000 Children: 2,000	Wom:4,750 Children: 4,000	8,750	Every six months	Administrative data Progress reports	UNDP	Verification of attendance and compliance with referrals/follow up action
<i>Subcomponent 1-2: Small Community Infrastructure</i>										
Number of working days created Total #	<input type="checkbox"/>	No.	0	167,000 (for 15,000 direct beneficiaries)	256,000 (for 20,000 direct beneficiaries)	256,000 (total of 20,000)	Every six months	Administrative data Progress reports	UNDP	Total # of working days for all beneficiaries aggregating data for IDPs/Returnees
IDPs/Returnees %				30%	30%	30%				
Cubic meters of water schemes constructed/rehabilitated	<input type="checkbox"/>	m ³	0	30,000	40,000	40,000	Every six months	Administrative data Progress reports	UNDP	Volume of water schemes constructed/rehabilitated

Length of roads improved	<input type="checkbox"/>	Km	0	30	40	40	Every six months	Administrative data Progress reports	UNDP	Roads paved or rehabilitated
Number of classrooms rehabilitated	<input type="checkbox"/>	No.	0	105	140	140	Every six months	Administrative data Progress reports	UNDP	# of classrooms rehabilitated
<i>Subcomponent 1-3: SME Revitalization and Employment Generation</i>										
Number of microfinance clients (SMEs) supported	<input type="checkbox"/>	No.	0	1,000 50%	2,000 50%	2,000 50%	Every six months	Administrative data Progress reports	UNDP	Total # of SMEs receiving in-kind support through the Takaful Fund
Number of individuals benefited from farm-based wage employment (short or long term, including informal)	<input type="checkbox"/>	No.	0	3,200 20%	6,400 20%	6,400	Every six months	Administrative data Progress reports	UNDP	Aggregation of all individuals benefiting from wage employment created by SMEs and farmers receiving support through the project
Number of micro-finance institutions benefited from the project	<input type="checkbox"/>	No.	0	3	7	7	Every six months	Progress Reports	UNDP	
Component Two: Project Management and Monitoring										
Percentage of registered grievances that are addressed within the timeframe specified in the project implementation manual	<input type="checkbox"/>	%	0	60%	90%	90%	Every six months	Administrative data Progress reports And verified by TPM agency	UNDP	# of grievances received/ # of grievances addressed By UNDP and/or its implementing partners
Percent of surveyed beneficiaries who expressed satisfaction with the project participatory approach	<input type="checkbox"/>	%	0	70%	70%	70%	Every six months	Technical review missions and TPM reports	UNDP	# of beneficiaries surveyed in the TPM/# reported satisfaction

Annex 2: Detailed Project Description

Overview:

1. The project will implement small and fast disbursing interventions that serve as a quick response to providing households and communities affected by the conflict -with a specific focus on IDPs with income support (as wages) to purchase basic necessities. These short-term interventions will also deliver benefits to the community by creating community assets, small infrastructure and improving access to service delivery, and where applicable restore livelihood and bring communities together around common humanitarian and development initiatives and hence promote social cohesion. The project will give special attention to the youth as an important peace dividend and provide them with income and participation opportunities. The project will be implemented through two components, detailed below:

Component 1: Labor Intensive Works and Community Services (estimated IDA contribution US\$45.00 million equivalent).

2. The overall objectives of the component are to: (a) generate temporary employment opportunities for participating households, (b) support access to community services, and (c) preserve the implementation capacity of SFD and PWP, as key service delivery national programs. The component will be implemented through three subcomponents which will engage SFD and PWP in a contractual arrangement with UNDP, as follows:

3. ***Subcomponent 1-1: Cash-for-Work and youth-targeted community services (US\$25.00 million)***: The objectives of this subcomponent are (a) to provide cash-for-work to targeted communities to bridge their consumption gap and loss of income as resulted from the ongoing crisis; (b) increasing the productive assets and means of livelihood of beneficiary households and communities; and (c) reduce the vulnerability of unemployed youth through youth-targeted opportunities and community services.

4. **Sector focus**: The subcomponent will implement labor intensive works subprojects including but not limited to: irrigation, water harvesting schemes, agricultural terraces rehabilitation, maintenance and improvement of village access roads, improvement of drinking water resources, watershed management, agricultural inputs and others based on the priority needs as identified by each targeted community. Community assets rehabilitated under the cash-for-work schemes will be relatively small, mostly directly benefiting the immediate households providing the labor. The subcomponent will also finance subprojects that provide income opportunities and work experience to youth in the 16-25¹⁹ year old age bracket through engaging them in the delivery of nutrition services, planting trees, paving cobblestones, cleaning shorelines, youth initiatives promoting peace-building and social cohesion (for example, use of art for expression, educational art performance), and other initiatives as maybe proposed by communities and youth groups.

5. **Size of benefit per community/beneficiary**: To identify communities and beneficiaries, SFD social workers from the regional offices conduct community communication and mobilization activities (including community mapping, community walk,

¹⁹Yemeni law allows youth to start working at age 16 as mandated by the International Labour Organization. However, this job should be only for light work.

and so on) in several communities to invite individuals to participate in the project. The size of each community's one-time budget envelop is determined by (a) allocating US\$100 to each male or female volunteer or a maximum of US\$500 per household that has come forward to do the labor intensive work, (b) multiplying the number of households by US\$500, and (c) adding an extra 40 percent for material and operation costs.

6. Subproject identification: To identify the actual intervention, SFD presents the community with a menu of options that can be funded by the community's budget allocation and the community decides the type of interventions based on its needs and priorities. Subsequently, the interventions to be funded are announced and participating individuals and families are registered for community contracting and wage payment, using identification cards.²⁰ Hence, the SFD will deliver these subprojects with direct involvement of community and civil society groups (for example, CBOs, users' groups, village cooperative councils and local NGOs) using various methods of implementation focusing on community based approaches (such as community contracting).

7. Subproject implementation: The community elects a social committee to verify the eligibility of the beneficiaries and to monitor the subproject implementation. A SFD engineer, technician, and social worker divide the community into groups, headed by a group leader, to execute the actual work. For materials, a SFD field engineer identifies the quantity and type of material needed, forms a subcommittee to identify the table of quantities, submits this to a SFD branch office, and issues checks to field accountant who buys the material with community member.

8. Beneficiary payment: A SFD field consultant uses the program card to document monthly the household members who have worked, including number of worked days. This list is being reviewed by the SFD branch office (project officer) and once approved, SFD issues the payment tables that are submitted to the payment agency/ies (for example, Amal Bank, CAC Bank, Post Office, large money exchange companies). The payment agency is selected in the early stages according to the accessibility and charges a 2.5 percent commission. The payment agency will announce to the beneficiaries when they are going to distribute the cash payments to beneficiaries in the presence of the SFD accountant, field team and community committee. National identity cards are a payment requirement. Payment is made to the individuals who performed the work (sometimes more than one family member), irrespective of their gender and/or their position in the household. Specifically, the list, indicating workers' achievements and work done, is signed by the community and field staff; checks are signed by the project officer, office accountant, and field accountant. The risk of theft associated with dealing with cash is minimal due to the small payment amounts, the involvement of the entire community, including the accompaniment of the payment agent by a community member, and due to insurance of the payment agent who carries the liability for the payment.

9. Labor intensity: The subprojects under subcomponent 1.1 mostly have a labor intensity estimated at 50 – 60 percent or more of the direct cost of subprojects. The subcomponent will create approximately 900,000 person-days of employment and some 32,000 direct beneficiaries (over 10,000 households) are expected to participate in the wage labor with about 60-100 days of employment for each household.

²⁰If an individual does not yet have an identification card, SFD supports such an issuance, as this is required for employment verification and payment.

10. Subproject duration: Overall, a subproject will take 6-9 months for completion, i.e. 2-3 months between subproject identification and implementation start, and 4-6 months for actual subproject implementation.

11. Youth activities. Youth will be engaged in three types of interventions: (a) support village cooperative councils on village self-help activities where youth do awareness raising and facilitation of villagers working together for a common good, while communities do voluntary work, such as cleaning of the village, village entrance, and of wells; (b) SFD-supported activities, which are bigger projects, and also need material (cement, steel); specifically, SFD assists a community with maximum 50 percent of the costs to, for example, rehabilitate school classrooms, provide literacy classes, or cleaning/ maintenance of small roads; and (c) youth graduates will receive training and then deployed to deliver social services, mostly in health and nutrition awareness and referral. Selection of beneficiary households of the nutrition activities will follow the list of SWF beneficiaries.

12. ***Subcomponent 1-2: Small Community Infrastructure for basic services (US\$15.00 million)***. The objectives of this subcomponent are (a) to provide small community infrastructure to improve access to basic services and (b) create short term employment opportunities for targeted communities. Small-scale infrastructure will be provided through contracting local private sector contractors. Therefore, the subcomponent would also help restore the business of participating small private sector contractors.

13. Sector focus: Subprojects would include, but are not limited to, water harvesting, stone paving of village access roads and streets, water supply, sewage, school facility rehabilitation, among others based on the priority needs as identified by each targeted community.

14. Subproject and beneficiary identification: To identify the actual intervention, PWP staff from the regional offices including an engineer and a social worker, visit the potential beneficiary communities to mobilize the communities and arrange community meetings to discuss and decide on community priority. PWP will present the communities with a menu of subproject options that have a high labor intensity, a short implementation duration, and a smaller investment volume. From the menu, the community will select its priority intervention. Once the community identified its priority intervention, PWP conducts a feasibility study to ensure the community's selection is feasible in terms of technical, budget, safeguards, and O&M issues.

15. Size of community budget envelop: The subproject budget envelop is based on standardized local unit prices for sector-specific interventions. All subprojects are of small scale and to be implemented in about six months' time, with an average subproject cost of US\$80,000 to US\$100,000. PWP prepares the full, detailed design for each subproject (including a full feasibility study). PWP publicly announces the tender and selects private sector contractors on competitive basis.

16. Subproject implementation: For subproject implementation, the community creates a community selection committee to identify a focal point between the community and PWP, and to monitor the subproject implementation. PWP hands over the subproject design to the contractor for implementation. For each subproject, PWP hires a supervision consultant to ensure compliance with the technical specifications, quality standards, contractual

arrangements, subproject timeline, safeguard policies, and other aspects. The created community committee also supervises subproject implementation. Upon satisfactory completion of the civil works, PWP hands them over the subproject to the stakeholders who are responsible for the O&M of the investments: in case of education and health facilities, these are the local branches of the relevant sector authority that are responsible for O&M and in case of water harvesting, stone paving of village access roads and streets, water supply, and sewage subprojects, the local communities are responsible for O&M. To ensure that communities are able to operate and maintain the investment, PWP provide respective training to the communities.

17. Subproject duration: Overall, a subproject will take 8-9 months for completion using the flexibility of the emergency operation for condensed procurement procedures, i.e. following a 10 day tender announcement, subprojects will be identified and designed within six weeks, followed by six weeks for contract awarding, and six months for subproject implementation.

18. Labor intensity: The subprojects under subcomponent 1.2 mostly have a labor intensity estimated at 35 percent or more of the direct costs of subprojects. The subcomponent will create approximately 256,000 person-days of employment and some 20,000 direct beneficiaries of wage employment are expected to participate with an average of 18 days employment each.

19. ***Subcomponent 1-3: SME Revitalization and Employment Generation (US\$5.00 million)***: The objective of the subcomponent is to (a) support the recovery of conflict-affected farmers and SME clients of MFIs and (b) sustain the level of capacity and outreach of the microfinance industry to continue to provide financial services to the poor.

20. Sector focus of SMEs: The subcomponent will focus on providing livelihoods opportunities within the agriculture and the microfinance sectors. The project will provide farmers of essential crops (horticulture crops, wheat, sorghum, and so on) with seeds, seedlings, drip irrigation systems, and other agriculture inputs. It will also support conflict-affected microfinance SME clients and MFIs by relieving SMEs from their current outstanding loans and by covering the operational deficit of the smaller, and most severely affected, MFIs in the country.

21. Beneficiaries, type and level of benefits: The subcomponent will support 800 farmers of essential crops affected by the conflict with agriculture inputs that will substitute for farmer's damaged inputs and restore their ability to grow food, generate income, and create wage employment. The focus will be on farmers of horticulture products (such as tomatoes, potatoes, cucumbers) and cereals (such as wheat, sorghum, and oats). Each targeted farmer will be supported by a maximum of US\$1,500 worth of agricultural inputs (e.g. seeds, seedlings, drip irrigation systems, etc). It is expected that this intervention will generate at least 6,400 seasonal and permanent wage employment within the agriculture sector. Additionally, the subcomponent will directly support 2,000 SME clients of microfinance that have been severely affected by the conflict by relieving them from their current outstanding loans and by supporting the rehabilitation of their enterprises, it is expected that this intervention will preserve at least 3,000 employment opportunities within those enterprises. The subcomponent will use the existing insurance funds (Takaful Fund) within each MFI to pay off the outstanding loans of the targeted SMEs and channel the support needed to rehabilitate and revitalize the damaged businesses they used to operate. Moreover, given the

important role the microfinance industry plays in contributing to alleviating poverty, the subcomponent will support the operating deficit of at least 7 rural-based MFIs which will enable them to sustain their levels of capacity and outreach to continue to provide the financial services needed by the poor.

22. Community and beneficiary identification: The subcomponent will target conflict-affected farmers in the priority districts that are growing essential crops at a small commercial scale. SFD will use a score card and will mobilize consultants who will collect data on farmers. The score cards data collected will be utilized to determine farmer's eligibility which includes farm ownership, number of employment opportunities the farm generates (average 6-7 employees), level of impact by conflict (missed seasons due to diesel, did not get seeds on time, damages, and so on), level of cultivation and ability to contribute to funding the intervention. For microfinance SME clients, the MFIs clients who will be targeted are those whose assets have been physically damaged, had their business or home damaged/destroyed and/or has a death or injury in an immediate family member. The targeting will be at the MFI level where each MFI will provide SFD with a detailed account of each microfinance client who is eligible for the support based on the existing Takaful manual, the size of loan, and the eligibility criteria. Clients targeted will be those with an average loan size not exceeding US\$500. For interventions supporting MFIs, targeting will be conducted at an MFI level and by using the external audited financial reports of each MFI seeking support. The audited reports will allow SFD to determine the level of risk to clients as well as identify the operational deficit each MFI incurred during 2015. The MFIs will also go through an evaluation from the SFD team that will assess the MFIs performance and ability to grow and be sustainable.

23. Subproject implementation, procurement and payment: The implementation of the farmers based interventions will be directly implemented by SFD's subsidiary, Small and Micro Enterprise Promotion Service (SMEPS) and their in-house agri-business specialists. Consultants will be hired to support extension work, needs assessments, technical support to farmers and support on procurement of inputs to be provided to farmers. The MFI support and the microfinance SME clients support will be directly implemented through SFD's SMED Program unit team and through Takaful Funds with direct supervision of the SMED Program team.

24. Labor intensity: The subcomponent will generate short and long term wage employment for 6,400 individuals within the agriculture and microfinance sectors. It will also rehabilitate and revive 2,000 SMES and 800 farms growing essential crops.

Component 2: Project Management and Monitoring (estimated IDA contribution US\$5.00 million equivalent).

25. This component will support project management, M&E to ensure that the project is successfully and efficiently implemented in conformity with the project design. It will finance (a) UNDP's General Management Support (indirect) costs; (b) direct project management and supervision costs required to support implementation of the project; (c) hiring of a TPM agency; and (d) project evaluation. UNDP project core management and implementation support team will include: project manager, team leader, project coordinator, communication and social accountability specialist, M&E specialist, procurement analyst, financial management specialist, and administrative assistant. Terms of Reference for the TPM agency and project evaluation will be agreed to with the Bank. The project will maintain a 'live' monitoring system, which entails frequent data collection from the field with

the use of digital technology when possible, collecting and reporting on stories, establishing grievance redress procedures, and through quarterly visits and reports from the TPM agent. Bi-annual progress reports will be prepared by UNDP and submitted to the Bank no later than 45 days after the end of each reporting period. Financial reports will be submitted to the Bank in accordance with the FPA. Additionally, final reports of the TPM agency will be shared with the Bank.

Annex 3: Implementation Arrangements

I. Project Institutional and Implementation Arrangements

Implementing Entity and Implementation Strategic Approach

1. The proposed Project will be implemented by the UNDP through the application of the 2008 Bank and UN Fiduciary Principles Accord for Crisis and Emergency Situations (FPA). As a result, UNDP will be fully responsible for implementation, and the procurement, financial management, disbursement and safeguards procedures of UNDP as the implementing UN agency will apply. More specifically, implementation of the project will be done directly by UNDP including through subcontracting with implementation partners²¹ (SFD and PWP), in accordance with the project components description, using the UNDP standard Subproject Agreements. Moreover, the project falls under the umbrella of the UNDP's Yemen Resilience Program (YRP) aimed at building resilience from the bottom-up using local systems, capacities, and institutions to progressively (a) restore livelihoods, (b) restore basic services, and (c) contribute to peacebuilding. In particular, the project will directly contribute to the livelihoods restoration and service delivery restoration components of the YRP.

Governance and Management Framework of the Project

2. A Project board will be constituted and institutionalized by UNDP under the Chairpersonship of the UNDP Country Director for the Republic of Yemen to primarily serve as oversight and advisory authority. The Project Board, which will constitute the highest body for coordination, strategic guidance, oversight, and quality assurance of the project, will help facilitate collaboration between UNDP, the two implementing agencies (PWP and SFD), and other stakeholders for the implementation of the project. Its terms of reference will include (a) reviewing and endorsing of the Annual Work Plans; (b) providing strategic direction and oversight; and (c) reviewing the implementation progress as well as narrative and financial progress reports. The Project Board will be convened by UNDP and meet at least on a 6-monthly basis. When possible, these will be convened during the joint technical review missions, during which the Bank would attend as an observant.

3. On the Bank side, while the application of the FPA transfers the implementation support role to the UNDP, an Oversight Committee will be established to oversee and make decisions about remedies in connection with the UNDP-implemented activities. In particular, the committee's functions/responsibilities will consist of (a) reviewing periodic financial and progress and results reports measured by targets and benchmarks agreed at the time of project approval; (b) applying the agreed process for dealing with serious issues, including fraud and corruption; (c) reviewing progress reports on actions taken to address a serious situation and results obtained, including details of any recovery of funds or write-off of losses; and (d)

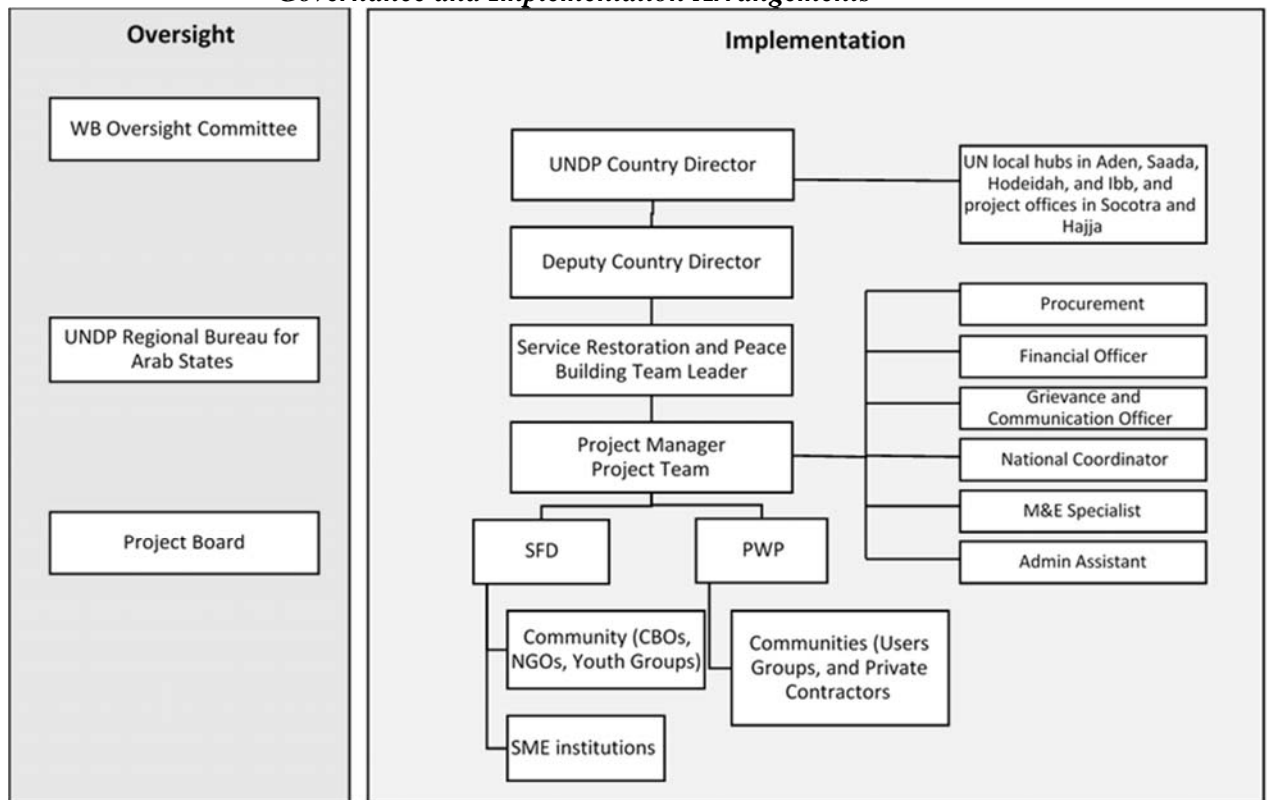
²¹ UNDP's strategic approach of partnership with local institutions and stakeholders is particularly critical to enable preserving SFD and PWP's capacity and hence facilitate quick reengagement of the Bank once Yemen is on a path towards peace. The selection of the SFD and PWP as local implementation partners takes in consideration (i) existing capacity and track record in successful delivery of national level community-based interventions; and (ii) sustaining national capacity for rapid response at the post conflict phase. This implementation modality also allows for quicker and streamlined implementation of the proposed project.

exercising remedies of suspension and termination in accordance with the provision of the legal agreement, if necessary.

4. Given the terms of the FPA, the Bank will not supervise the Project but instead, the senior management committee will be exercising an oversight role akin to that of an internal watchdog/auditor. The committee will receive progress reports, and if required meet and monitor the timeliness of implementation of the proposed emergency response, in addition to, when warranted by a serious situation, meeting the responsibilities set out in the Disbursement Agreement (that is, the Grant Agreement). This approach has been successfully taken by the Bank under the *Horn of Africa Emergency Health and Nutrition Project (IDA Grant No. H735)*, which is now closed. Under that project, the oversight committee did not meet because of the project’s satisfactory performance and the fact that no serious situations arose which would have required the guidance and decision of the senior management oversight committee.

5. The figure below describes the governance and management arrangements to be put in place under the project

Governance and Implementation Arrangements



Project Management

6. As previously mentioned, UNDP will be in charge of overall coordination and implementation of projects activities through their National Implementation Modality - direct implementation and subcontracts with local implementation partners (SFD and PWP) using the UNDP standard Subproject Agreements and Project Documents. In that perspective, the UNDP Country Office in Sana’a, under the leadership of the Country Director, will provide

overall oversight and quality assurance to the Project Management Team (PMT) to ensure successful implementation of the project. The PMT will be in charge of the day-to-day management of the project, including all fiduciary aspects, safeguards, and monitoring as well as reporting of the project's progress. It will comprise the following key staff:

- **A project manager (PM)** will lead the overall project team and have the main responsibility for the successful delivery of the project. H/She will ensure appropriate resourcing, on-time delivery of financial and key milestone reports to the Bank and counterparts as well as the timely completion of the key activities and the delivery of the outputs. Working closely with national partners and the project team, the PM will ensure compliance with operational policies pertaining to the project's implementation and management. The PM will also ensure effective and accurate financial resources management, including monitoring of financial delivery by PWP and SFD against work plans and preparation of relevant periodic reports.
- **A project coordinator** will advise and guide the PM and the project team in engaging with SFD and PWP, including with other national stakeholders, as appropriate. H/She will support the PM in the project management and delivery of all outputs and support the PM in maintaining close relationships with key Yemen partners from SFD and PWP. The project coordinator will keep apprised of all political and economic developments and advise the team on their impact in relation to the project. H/She will also oversee the administrative and logistical support by other national staff and report to the PM.
- **An M&E specialist** will institutionalize the project's M&E framework. H/She will advise SFD, PWP, and UNDP on good monitoring practices, and on designing and maintaining the project monitoring systems. H/She will also ensure timely submission of progress reports to UNDP by SFD and PWP and timely finalization of UNDP's progress reports to the Bank. The M&E Specialist will report to the PM.
- **A communication and social accountability officer** will institutionalize the project's Complaints Handling Mechanism. H/She will be in charge of providing an efficient, fair and accessible mechanisms for resolving beneficiaries/partners complaints. H/She will also guide UNDP, SFD, PWP staff in handling complaints, rectifying mistakes, alerting to problems, and helping to continuously learn and improve. H/She will report to the PM.
- **A finance officer** will help the PM ensure accountability for, and efficient use of project funds. H/She will be in charge of managing and monitoring requests for financial resources and ensure accuracy and reliability of financial reports. H/She will also process requisitions, purchase orders and payment requests in ATLAS, and ensure monthly delivery updates to the PM on financial delivery performance. The Finance Officer will report to the PM.
- The PMT will be complemented by a procurement analyst, project assistant, human resource and travel officer, field security officer and a driver.

7. In addition to the core team as presented above, a Service Restoration and Peace Building Team Leader will be appointed to mainly provide, under the guidance of the

Country Director and direct supervision of the Deputy Country Director (P&O), direct oversight to the implementation of the project and will be accountable for its overall success. In particular, h/she will provide overall quality assurance, ensuring that all deliverables are to a sufficiently high quality when reporting to the Bank. H/She will also support the project team where necessary with methodological guidance and insights from previous experience as well as maintain high-level relationships with SFD and PWP. The PM will report to the Team Leader.

8. **At the regional level**, implementation will be supported by UNDP's sub-office in Aden, regional hubs in Saada, Hodeidah, and Ibb, and project offices in Socotra and Hajja. These regional hubs are staffed with hub coordinators, M&E officers and support staff, and they extend support to all governorates.

9. The UNDP Regional Hub in Amman, Jordan will extend technical support to the Yemen team if and as needed.

II. Financial Management

10. **Financial management and disbursement arrangements.** The project will be implemented under the FPA, and, as a result, the financial management and disbursement procedures of the implementing UN agency (UNDP) apply. The UNDP will maintain, or cause to be maintained, a financial management system, including records and accounts, adequate to reflect the transactions related to the activities, in accordance with the requirements of the UN's Financial Regulations and Rules. The UNDP will maintain a separate ledger account (Grant Control Account) in its books to record the financial transactions of this project. The UNDP shall prepare, on a six-monthly basis, interim unaudited financial reports (IFRs), in accordance with accounting standards established pursuant to the UN's Financial Regulations and in the format agreed with the Bank, adequate to reflect the expenditures related to the grant. The IFRs will be provided to the Bank no later than 45 days after the end of the six-month period.

11. The UNDP will provide the Bank with an annual financial statement of account certified by the UNDP's chief financial officer, showing receipts and expenditures as of December 31 each year, with respect to the grant. Such financial statement of accounts will be provided within six months after the closure of the UNDP's accounts for the year to which the annual financial statement relates. The Grant Control Account will be subject exclusively to the internal and external audit arrangements applicable to the UNDP as set out in the UN's Financial Regulations. The UNDP will make their externally audited financial statements and accompanying reports of their external auditors on their financial statements available to the Bank in accordance with Article 2(b)(II) of the FPA. The UNDP will retain all records evidencing all expenditures in respect of which withdrawals from the Grant Control Account were made, in accordance with its regulations, rules, policies, and procedures relating to retention of records.

12. The grant proceeds will be transferred into the UNDP's official bank account based on a written notice of withdrawal submitted to the Bank by the designated UNDP official(s). The UNDP's first notice of withdrawal will cover projected expenditures for the activities for the first nine months of implementation. Subsequently, the UNDP will submit notices of withdrawal each six months thereafter, and each such notice will cover an amount representing the UNDP's good faith projection of the expenditures for the following nine months, up to the project's closing date, reconciling against amounts previously withdrawn against the project budget.

III. Procurement

13. The proposed project will be implemented under the FPA, and as a result the procurement procedures of the implementing UN agency (UNDP) apply with due consideration to component 2, Annex 1 and paragraph 3, Annex A of the FPA. All contracts for works, goods and consulting services will be below US\$200,000 and within the capacity of UNDP's implementation partners.

IV. Social

14. The project is expected to have positive impact on participating poor communities and IDPs, and contribute to a more inclusive future in the Republic of Yemen by actively seeking to build social cohesion, to empower communities, and to foster a role for non-state actors. The community contracting approach and youth employment for service delivery entail design parameters that ensure women are provided with equal opportunity to benefit from the employment opportunities (for example, targeting female headed households, allowing flexibility in work hours and providing on-site child care). Women are also expected to be employed under the community service interventions (for example, as community health promoters and teachers). Women are primary beneficiaries of the community assets. For example, access to water will particularly benefit women and girls through time savings, enabling them to choose more productive use of their time. The targeting of youth provides alternatives for them to engage in productive and peaceful activities, as well as inspiration to engage in positive social change. Citizen engagement and community participation in subproject selection, preparation, monitoring, operation and maintenance, provide sustainability to the subprojects, but importantly also in the current environment provide the opportunity to restore social cohesion. The project also engages non-state actors including NGOs, CBOs, the private sector, SMEs and relevant local service delivery vehicles. This is important for empowering non-state actors and building their capacities to become partners with the state when peace comes and the Republic of Yemen starts rebuilding itself. These approaches are important for the Republic of Yemen's post-conflict new social contract. Finally, social accountability will be taken into consideration through (a) the ability of beneficiaries to voice complaints and provide feedback through well-established GRMs; (b) public information on the availability of employment opportunities created by the project; (c) independent verification through the TPM agency; and (d) UNDP regular field monitoring activities.

15. Since the project will be implemented under the FPA, the UNDP's 2014 Social and Environmental Standards (SES) would be adopted for this type of intervention and the Bank will rely on UNDP's policies, procedures, and practices to manage any E&S impact of this project.

V. Environment Safeguards

16. Given the application of the FPA for this operation, Bank safeguard policies do not apply. Rather, the UNDP's 2014 SES apply and will be adopted for this operation. The project has been classified as a Category B operation.

VI. UNDP's Implementing Partners

17. UNDP will enter into contractual arrangements with SFD and PWP for the implementation of the three subcomponents of component one. SFD will implement subcomponents 1.1 and 1.3 through its 185 staff working in Sana'a headquarters and nine branch offices across Yemen. PWP will implement subcomponent 1.2 through its 53 staff in Sana'a headquarters and nine regional offices.

VII. Supervision and Monitoring and Evaluation (M&E)

Project Supervision

18. UNDP day-to-day supervision of its implementing partners and service providers will be the responsibility of the PMT and the regional hubs. In depth supervision of the project is conducted through the convening of bi-annual Project Boards to review progress reports and work plans, identify issue and risks, and provide advice and decision on appropriate follow-up actions. Participants include UNDP, SFD, PWP and other donors if and when coordination is needed. The Bank will join as observant in these semiannual reviews when possible. UNDP and the Bank will undertake technical reviews²² at least twice a year to review the progress and compliance with obligations set out in the grant's legal agreement. Moreover, the Bank team will provide adequate technical support during these missions to ensure achievement of the project's development objectives.

Monitoring, Reporting and Evaluation

19. UNDP will be responsible for ensuring frequent monitoring of project implementation, and for follow up with its implementing partners regarding overall progress, and progress towards achieving results indicators in accordance with the project's Results Framework (Annex 1). In that perspective, UNDP will carry out regular monitoring through meetings with SFD, PWP and local stakeholders for quality assurance and verifications. Moreover, in each UNDP hub, a hub coordinator who acts as technical lead, will be responsible for project M&E. For supervision, the UNDP hub coordinator will conduct regular field visits to the subprojects, while UNDP's Sana'a-based financial management and procurement officers will conduct spot checks and verification of subprojects, visits to the regional offices of SFD and PWP, and meet with subproject beneficiaries.

20. UNDP will also provide to the Bank, twice a year, narrative progress reports, based on the agreed format, as well as financial progress reports (interim unaudited financial reports to reflect the expenditures related to the Grant) every six months and no later than 45 days after the end of each reporting period. UNDP will also provide the Bank with an annual financial statement of account certified by the UNDP's chief financial officer, showing income and the expenditure as of 31 December each year with respect to the Grant. Such financial statement of accounts will be provided within six (6) months after the closure of the UNDP's accounts for the year to which the annual financial statement relates. Finally, UNDP will also share with the Bank all the final reports prepared by the Third Party Monitoring.

²² These will be held outside Yemen (reverse missions) unless the security situation allowed Bank staff travel to Yemen.

21. In addition to its regular M&E activities, the UNDP will hire an independent TPM agency to undertake quarterly performance and fiduciary field monitoring of subprojects funded under the project. In particular, the TPM agency is expected to (a) track performance through the collection of appropriate and credible data and other evidence; (b) analyze evidence to inform UNDP management and Project Board decision making, recommend improvement of effectiveness and efficiency as necessary; and (c) report on performance and lessons to facilitate learning and support accountability, including learning from beneficiaries' experience.

22. On the other hand, while the expected sample size for the quarterly performance and fiduciary field monitoring of subprojects is planned to be five percent of all subprojects per subcomponent, the actual geographical and sector selection of the sample will take the security risks into consideration. The TPM agency will report on the subprojects outputs, the delivery of job opportunities to the intended of beneficiaries, environmental and social safeguards to help ensure compliance, as well as on the processes implemented by UNDP partners. Monitoring of financial management issues will be excluded, as this is conducted separately by the financial auditor. For comprehensiveness of reporting, UNDP hub coordinators, as well as the financial management and procurement officers will share, discuss and verify data and information that they collected during their field visits with the TPM agency. Evidence collected by the TPM agency is reviewed periodically by the Project Board to assess the performance of the project and inform management actions and decisions. Evidence from monitoring also serves as a critical input to evaluation and enables evidence-based reporting. UNDP will share the TPM reports with the Bank, and will include in the reporting the actions taken to address any implementation issues identified (if any) by the TPM agency.

23. Finally, UNDP will conduct an end-of-project evaluation before the project's closing which will focus at the entire implementation period. The evaluation will assess the performance, including the relevance, effectiveness and efficiency, sustainability of results and the likelihood of impact. In particular, the evaluation will assess the processes and achievements made as well as document the projects outputs and results to draw lessons from implementation in conflict context that will inform the development of any similar future project in the country, and/or enhance later designs and implementation.

Annex 4: Implementation Support Plan

Strategy and Approach for Implementation Support

1. The project is an emergency operation processed under OP/BP 10.00 and uses UNDP as an alternative implementer under the FPA. The Bank will conclude a legal agreement with UNDP and disburse funds directly to the UNDP in accordance with the terms of such agreement. Under the FPA, the project will be subject to the UNDP procurement, fraud and corruption, financial management, safeguarding, supervision, M&E policies and procedures rather than the Bank's policies. In particular, Bank policies related to project supervision will not apply. Instead, arrangements during project implementation are proposed to consist of Bank technical review missions jointly with the UNDP, and of an internal Bank oversight committee, to exercise an oversight.

Implementation Support Plan

2. As FPA will be used for the implementation of this project by the UNDP, special arrangements will be used to ensure adequate oversight and satisfactory implementation. These arrangements are proposed to consist of an internal Bank oversight committee as well as Bank technical review missions jointly with the UNDP.

Joint technical review missions

3. It is proposed for the Bank team to conduct joint technical review missions with UNDP, with particular focus on the proposed project's M&E. During these missions particular focus will be given to the monitoring of UNDP's compliance with obligations set out in the grant's legal agreement. Moreover, the Bank team will monitor and ensure UNDP compliance with its reporting obligations (periodic financial and implementation progress reports), consolidate such reports, and submit them to the Senior Management Committee (for information); inform the Senior Management Committee of noncompliance and consult with the Senior Management Committee on application of appropriate remedies. Adequate technical support will also be provided throughout implementation of the operation to ensure quality of the technical assistance on key technical areas through in-house Bank expertise.

Implementation Completion and Results Report (ICR)

4. An Implementation Completion and Results Report (ICR) will be prepared at the end of the project to assess the processes, modalities of implementation, and achievements made as well as document the project's outputs and results to draw lessons from implementation in conflict context that will inform the development of any similar future project in the country and/or enhance later designs and implementation.

Reporting requirements from UNDP

5. As set forth in the FPA, the Bank reporting requirements from UNDP for this proposed project include narrative progress reports at least twice a year as well as financial progress reports every six months, including financial statements, covering the whole project. The narrative progress report is required to include: a summary of the project and the context within which the project is implemented; the activities actually carried out during the reporting period; any challenges encountered and measures taken to overcome challenges;

changes introduced in implementation, including changes in the budget; achievements and results of the project with reference to identified indicators; and the work plan for the following period. The Bank requires such reports as frequently as is necessary to ensure the reports are useful management tools and to provide meaningful reports and assessments of progress, achievements, and challenges. UNDP will also prepare an end-of-project evaluation before the project's closing to assess the performance of the project, including the relevance, effectiveness and efficiency, sustainability of results and the likelihood of impact.

Table 1: Implementation Support

<i>Time</i>	<i>Focus</i>	<i>Skills Needed</i>	<i>Resource Estimate</i>
0-24 months	Overall quality of implementation	- Sr. Social Protection Specialist - Sr. Urban Specialist - Sr. Social Protection Economist - Sr. Counsel - Lead Operations Officer - Sr. Private Sector Development Specialist - Social Protection Specialist - Operations Analyst - Finance and Private Sector Development Analyst - Program Assistant	US\$200,000

Table 2: Skills Mix Required

<i>Skills Needed</i>	<i>Staff Weeks/Year</i>	<i>Number of Trips</i>
Task Management (TTLs)	16	At least 2 trips per year
Sr. Counsel	1	As needed
Lead Operations Officer	1	As needed
Sr. Social Protection Economist	2	At least one trip a year
Social Protection Specialist	2	Field Based
Operations Analyst	4	1-2 trips per year
Sr. Private Sector Development Specialist	1	As needed
Finance and Private Sector Development Analyst	1	As needed
Program Assistant	2	None

Table 3: UNDP Partners

<i>Skills Needed</i>	<i>Staff Time/Year</i>	<i>Location</i>
Service Restoration and Peace Building Team Leader	Part-time (10 percent)	Sana'a
Project Manager	Full time	Sana'a
Head of Security	Part-time (10 percent)	Sana'a
Finances Officer	Full time	Sana'a
M&E Specialist	Full time	Sana'a
National Coordinator	Full time	Sana'a
GRM and Communication Officer	Full time	Sana'a
Operations Analyst	Part-time (15 percent)	Sana'a
Human Resources Associate	Part-time (10 percent)	Sana'a
Procurement Analyst	Part-time (10 percent)	Sana'a
Travel Analyst	Part-time (5 percent)	Sana'a
Project Assistant	Full time	Sana'a
Driver	Full time	Sana'a

Annex 5: Targeting Approach

Overview

1. The project will be implemented in all 22 governorates. The allocation of funds to each governorate will be based on a composite distress index that takes into account the number of displaced people, people in urgent need of assistance, and the level of food insecurity. Different sources of data are used in constructing the distress index, including UN agencies' (IOM/UNHCR, FAO, OCHA) data on the impact of the conflict on the population, food insecurity and population projections (see Table 1 below). The allocation process will favor the most affected governorates and the vulnerable individuals within them, while taking into consideration the importance of political neutrality and conflict sensitivity.

Table 1: Data Sources

Indicator	Data Source
Displacement	Population Movement Task Force, IOM/UNHCR, February 2016
People in urgent need of assistance	UNOCHA, November 2015
Food Insecurity	FAO, June 2015
Total Population	2004 census projections, CSO

2. A multi-layered approach of targeting of the project beneficiaries will be used: governorate level fund allocations, targeting of districts within the governorates on the basis of the level and intensity of displacement, community targeting, and the selection of the neediest families within the identified communities. If and when a targeted district proves to be inaccessible due to insecurity or conflict, the district will be replaced by the next priority districts to allow for full and timely implementation and disbursement of the funds allocated for the respective governorates.

Geographical Targeting

Governorate level Distress Index

3. As noted above, the project will be implemented in all governorates. Governorate level fund allocation will be determined based on a *distress index* constructed from four indicators: the level and intensity of people with emergency needs and food insecurity; and the level and intensity of displacement (i.e., the number of IDPs in the governorate and their share of the total host population).

4. **Emergency need and food insecurity.** The FAO classification of food insecurity includes five levels, phases 1 to 5: phase 1: food secured, phase 2: moderate food insecure, phase 3: acute food and livelihood crisis, phase 4: humanitarian emergency, and phase 5: famine. The *food insecurity* index is derived from the Republic of Yemen's Food Security Survey issued by the FAO and the Technical Secretariat of Food Security in June 2015. The survey found 14.4 million people suffer from food insecurity, including 7.6 million who have

reached emergency level 4. The report also indicated that ten governorates have reached emergency food insecurity level 4, and that 18 out of the Republic of Yemen's 22 governorates, plus the city of Sana'a, are in phases 3 and 4.

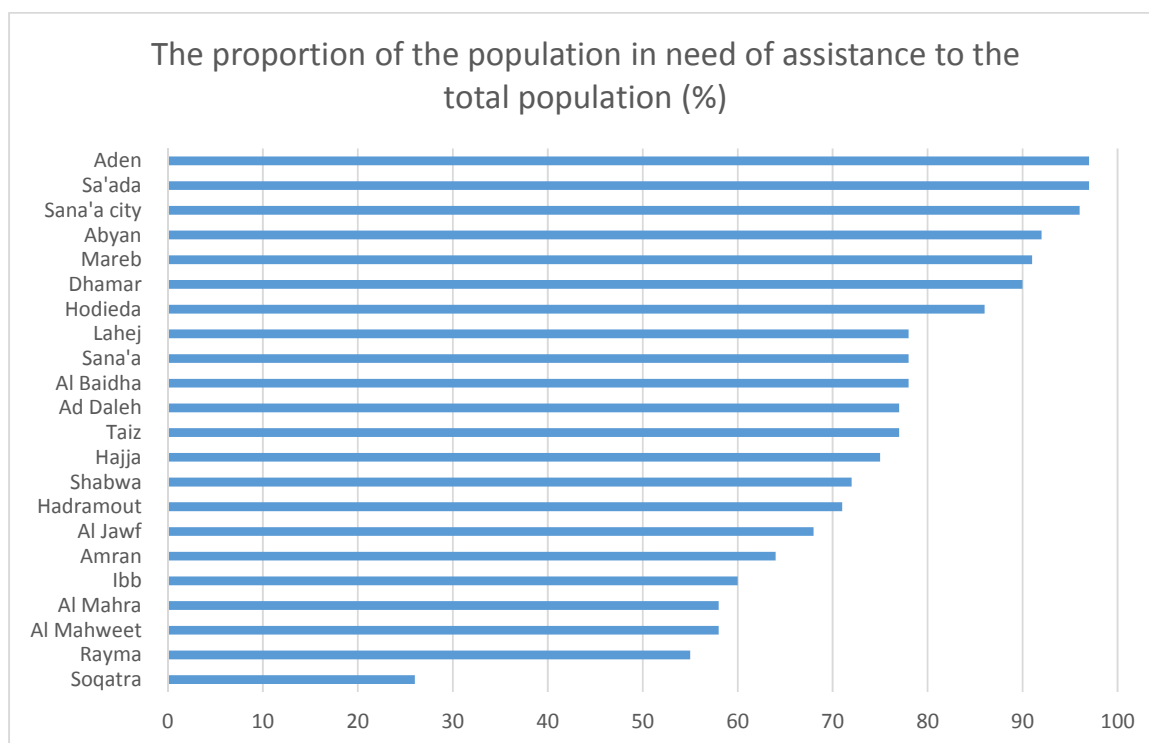
Table 2: Distribution of population by food insecurity levels by governorate, June 2015:

Governorate	Population in 2015	Number of people in Phase 1 & 2 (food secured & moderate food insecure)	Number of people in Phase 3 (Crisis)	Number of people in Phase 4 (Emergency)	Total population under phase (3 & 4)	Intensity of emergency needs and food insecurity (% of population in phase 3 & 4)	Proportional distribution of people with food insecurity
Ibb	2,719,000	1,363,983	716,897	638,120	1,355,017	50	10.5
Abyan	546,000	206,759	191,871	147,370	339,241	62	2.6
Sana'a city	2,956,000	2,168,726	413,122	374,153	787,274	27	6.1
Al Baidha	729,000	253,660	300,168	175,172	475,340	65	3.7
Taiz	3,051,000	1,363,512	871,056	816,432	1,687,488	55	13.1
Al Jawf	564,000	330,646	162,734	70,619	233,354	41	1.8
Hajja	2,016,000	762,500	491,425	762,074	1,253,500	62	9.7
Hodieda	3,006,000	1,724,683	931,052	350,266	1,281,317	43	9.9
Hadramout	1,408,000	1,216,000	122,526	69,475	192,000	14	1.5
Dhamar	1,811,000	803,629	592,248	415,123	1,007,371	56	7.8
Shabwa	605,000	197,226	176,779	230,994	407,774	67	3.2
Sa'ada	1,010,000	197,893	301,846	510,262	812,107	80	6.3
Sana'a	1,115,000	615,722	253,598	245,680	499,278	45	3.9
Aden	865,000	497,800	157,646	209,555	367,200	42	2.8
Lahej	939,000	264,468	267,461	407,071	674,532	72	5.2
Mareb	314,000	183,502	54,444	76,054	130,498	42	1.0
Al Mahweet	660,000	418,311	156,232	85,457	241,689	37	1.9
Al Mahra	139,000	127,473	10,090	1,437	11,527	8	0.1
Amran	1,026,000	615,560	242,840	167,600	410,440	40	3.2
Ad Daleh	676,000	190,455	296,267	189,279	485,545	72	3.8
Rayma	536,000	291,652	120,598	123,750	244,348	46	1.9
Soqatra	53,520	39,518	8,112	5,890	14,002	26	0.1
Total	26,744,520	13,833,677	6,839,011	6,071,831	12,910,843	48	100

5. **Displacement:** The *displacement* index is derived from the Task Force on Population Movement report issued by IOM and UNHCR in March 2016, using the number of IDPs in all governorates. The index takes into consideration the share of IDPs among the total population of the governorate.

Table 3: Numbers of IDPs and their share of the total population of the host governorate, March 2016:

Gov.	% of displacement	Population in 2015	Number of displaced individuals	Number of displaced households	Intensity of displacement (% share of displaced within governorate)	Relative distribution of displaced people (%)
Ibb	3.8	2,719,000	104,304	17,384	0.64	4
Abyan	4.3	546,000	23,454	3,909	0.72	1
Sana'a city	3.5	2,956,000	103,924	17,374	0.59	4
Al Baidha	6.0	729,000	43,476	7,246	0.99	2
Taiz	18.2	3,051,000	555,048	92,508	3.03	23
Al Jawf	7.5	564,000	42,516	7,083	1.26	2
Hajja	17.5	2,016,000	353,219	58,905	2.92	15
Hodieda	2.0	3,006,000	59,992	10,117	0.34	2
Hadramout	0.6	1,408,000	8,706	1,451	0.10	0
Dhamar	6.8	1,811,000	122,687	20,632	1.14	5
Shabwa	1.1	605,000	6,606	1,101	0.18	0
Sa'ada	23.6	1,010,000	237,978	39,728	3.93	10
Sana'a	22.8	1,115,000	253,962	42,398	3.80	10
Aden	3.0	865,000	25,836	4,306	0.50	1
Lahej	5.4	939,000	50,832	8,472	0.90	2
Mareb	19.3	314,000	60,650	10,213	3.25	3
Al Mahweet	9.1	660,000	59,932	10,028	1.52	2
Al Mahra	1.3	139,000	1,836	306	0.22	0
Amran	23.9	1,026,000	245,689	41,021	4.00	10
Ad Daleh	3.7	676,000	25,236	4,206	0.62	1
Rayma	8.3	536,000	44,295	7,626	1.42	2
Soqatra	0.0	53,520			0.00	
Total	9.1	26,744,520	2,430,178	406,014	1.52	100



Governorate level Distress Index

6. Each of the four indicators presented above is given an equal weight of 25 percent in the overall distress index. The following table provides the details of how the overall distress index is constructed and the final index for each governorate. The allocation of project resources for each governorate is based on the respective distress indices in the table below. For example, Hajja Governorate has a distress index of 9.68 and therefore its share of the component resources will be $9.68/100 * \text{the total allocation of the relevant component}$.

Table 6: Governorates' Distress Index

Governorate	Population Estimate 2015	IDPs from/to governorate Feb 2016	Intensity of Displacement within governorate (1)	Relative distribution for displaced people (2)	Intensity of emergency need and food insecurity (3)	Relative distribution of food insecurity index (4)	Avg (1+2+3+4) / 4
Ibb	2,719,000	105,539	1.1	2.2	4.7	10.5	4.63
Abyan	546,000	27,438	1.4	0.6	5.9	2.6	2.62
Sana'a city	2,956,000	431,849	4.0	8.9	2.5	6.1	5.39
Al Baidha	729,000	85,049	3.2	1.8	6.2	3.7	3.73
Taiz	3,051,000	1,288,632	11.6	26.5	5.3	13.1	14.12
Al Jawf	564,000	91,453	4.5	1.9	3.9	1.8	3.02
Hajja	2,016,000	673,571	9.2	13.9	5.9	9.7	9.68
Hodieda	3,006,000	75,832	0.7	1.6	4.1	9.9	4.06
Hadramout	1,408,000	11,066	0.2	0.2	1.3	1.5	0.80

Dhamar	1,811,000	125,334	1.9	2.6	5.3	7.8	4.40
Shabwa	605,000	9,677	0.4	0.2	6.4	3.2	2.56
Sa'ada	1,010,000	799,957	21.8	16.5	7.6	6.3	13.06
Sana'a	1,115,000	446,475	11.0	9.2	4.3	3.9	7.09
Aden	865,000	73,064	2.3	1.5	4.0	2.8	2.67
Lahej	939,000	69,620	2.0	1.4	6.8	5.2	3.87
Mareb	314,000	117,517	10.3	2.4	4.0	1	4.41
Al Mahweet	660,000	61,450	2.6	1.3	3.5	1.9	2.31
Al Mahra	139,000	2,096	0.4	0	0.8	0.1	0.33
Amran	1,026,000	283,185	7.6	5.8	3.8	3.2	5.10
Ad Daleh	676,000	35,039	1.4	0.7	6.8	3.8	3.19
Rayma	536,000	45,409	2.3	0.9	4.3	1.9	2.37
Soqatra	53,520	0	0.0	0	2.5	0.1	0.65
Total	26,744,520	4,859,252	100	100	100	100	100

District Level Targeting

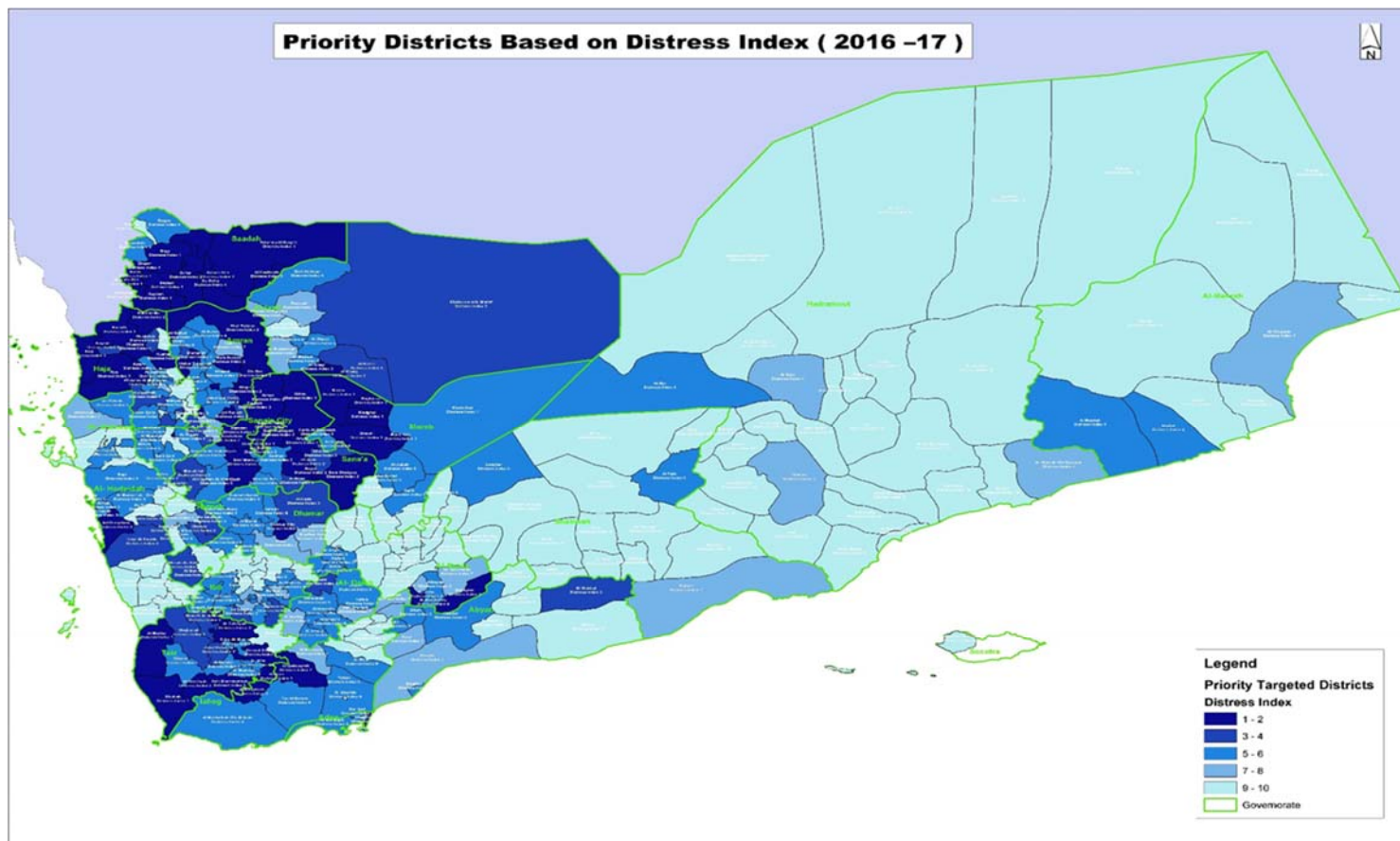
7. Resources allocated to each governorate may not be sufficient to provide support to all districts within the respective governorate. Therefore, each district will be given an index that determines its distress level relative to the other districts in the country. A district distress index is determined by level IDPs (as a share of total IDPs in the governorate) and the intensity of displacement (defined as the share of IDPs in the district out of the total population of the district). Both indicators are given equal weight of 50 percent.

8. All districts are ranked nationally from 1 to 333, where 1 is most distressed and 333 is the least. Based on subproject costs, it is estimated that project resources will enable interventions in about 100 districts. However, the most 100 distressed districts are not spread in all 22 governorates, therefore if targeting is restricted to the 100 most distressed, some Governorates will be excluded. Given the political sensitivity and conflict-fueled regional tensions, it is critical to include all governorates. The project will ensure the inclusion of all Governorates with at least two districts each while reaching to higher number of districts in the most distressed governorates. Therefore, districts are ranked in groups of 10s to enable the selection based of highest distress indices and ensuring inclusion of all regions/governorates.

Table 7: Sample of Districts' Distress Index and Districts' Ranking²³ (Taiz Governorate)

District	Number of IDPs	Population estimate in 2015	Intensity of Displacement (1)	Relative distribution of IDPs (2)	Average (1+2)/2	National Ranking (1-333)
Al Mudhaffar	373,507	283,094	1.73%	7.19%	4.46%	2
Al Qahirah	203,190	243,878	1.09%	3.91%	2.50%	8
Salh	175,131	250,389	0.92%	3.37%	2.14%	10
Ash Shamayatayn	159,854	198,277	1.06%	3.08%	2.07%	12
Dhubab	54,576	24,490	2.92%	1.05%	1.98%	13
Hayfan	72,725	96,587	0.99%	1.40%	1.19%	19
Al Misrakh	80,287	128,851	0.82%	1.55%	1.18%	20
Al Mukha	66,796	83,708	1.05%	1.29%	1.17%	22
Dimnat Khadir	58,201	152,469	0.50%	1.12%	0.81%	33
At Ta'iziyah	55,929	251,917	0.29%	1.08%	0.68%	41
Al Wazi'yah	18,821	34,009	0.72%	0.36%	0.54%	45
Shara'b As Salam	24,265	140,143	0.23%	0.47%	0.35%	65
Maqbanah	19,422	238,347	0.11%	0.37%	0.24%	84
Jabal Habashy	16,352	153,484	0.14%	0.31%	0.23%	88
Shara'b Ar Rawnah	15,270	188,044	0.11%	0.29%	0.20%	98
Mashra'a Wa Hadnan	5,401	31,277	0.23%	0.10%	0.17%	113
Mawza	4,458	46,738	0.12%	0.09%	0.11%	143
As Silw	5,068	63,464	0.10%	0.10%	0.10%	144
Al Ma'afer	5,657	141,666	0.05%	0.11%	0.08%	161
Sabir Al Mawadim	3,620	139,573	0.03%	0.07%	0.05%	185
Sama	2,228	52,839	0.06%	0.04%	0.05%	192
Al Mawasit	3,275	147,441	0.03%	0.06%	0.05%	197
Mawiyah	742	166,186	0.01%	0.01%	0.01%	281
Total	555,048	3,256,871	100%	100%	100%	

²³ Shaded districts will be highest in priority for selection



Community Targeting:

9. The geographical targeting described above will apply to both Subcomponents 1.1 and 1.2. Within the targeted districts, communities will be selected by the regional offices of UNDP's implementing partners, SFD and PWP, based on available field data and information documented at the community level (numbers of IDPs/returnees, damaged infrastructure, loss of livelihood, and so on), as well as through consultations with local leaders, civil society organizations and international non-governmental organizations.

Beneficiary Targeting:

10. Beneficiary level targeting varies between Subcomponent 1.1 (cash for work and youth-led initiatives) and Subcomponent 1.2 (small community infrastructure). This is informed by the different implementation approach. Subcomponent 1.1 employs the community contracting approach, which allows for more innovation and flexibility in targeting more vulnerable community members including women and youth, compared with the private sector contractor approach used under Subcomponent 1.2 which relies on private sector contractors for selecting the workers.

Beneficiary targeting under Subcomponent 1.1:

11. Individual-level targeting is a self-targeting approach. However, to ensure fair and conflict-sensitive distribution of benefits, each participating household will be capped for a total benefit of US\$500 in wages regardless of the number of participating workers from the household. Female headed households and women interested in participating in wage employment will be provided with opportunities through the following enabling measures. The subcomponent will accommodate to uptake all applicant households, but if the demand still overweighs fund availability of a particular community, the benefit level will be reduced to allow for the inclusion of all applicants; and when needed, the community will be consulted to identify the neediest households to be prioritized.

12. **Women's participation/targeting.** In cash for work interventions, the targeting unit is the household. Women will be encouraged to participate by measures that make their participation easier and acceptable to households and the community: allowing flexible hours of on-site work, providing on-site child care (this will also hire a caregiver from the community), having the subproject at the community level and at a location close to the villagers, and by consulting women on the types of subprojects they can participate in. Subcomponent 1.1 is expected to have 30 percent female participation, and more than 50 percent of the microfinance clients under subcomponent 1.3 are women. Women are assumed to benefit equally from the community infrastructures created. Women are the primary beneficiaries of the water harvesting schemes as these reduce time and effort in fetching water, a responsibility for women and girls. Women are also the primary wage participants and beneficiaries of nutrition-based service delivery.

13. **Youth participation:** Social service interventions under Subcomponent 1.1 target male and female youth between 16 and 25 years of age, targeting both skilled and unskilled youth through services that suit each group. For example, health promotion and nutrition-based service delivery will suit youth with education, who will also receive training, as well

as social harmony initiatives and community mobilization around community-based initiatives. Plantation or removal debris will for example more target unskilled youth.

Beneficiary targeting under subcomponent 1.2:

14. Selection of workers under this subcomponent is the responsibility of the contractor. However, because the subprojects will be small in size, it is expected that mostly small contractors from the same area or from a nearby district will be attracted, recruiting workers from the same area or nearby communities. Contractors will be required to take at least 50 percent of the workers from the same community, which will be monitored. The selection of workers from the community will be self-targeted, unless demand exceeds supply in which case community targeting and lottery-based selection will be introduced as applicable. While interventions under this subcomponent are not expected to be accessible to women, they are expected to be mostly attractive to poor unskilled laborers.

Targeting Approach for Subcomponent 1-3:

15. Targeting of areas benefiting from the agriculture-based interventions and of farmers targeting areas to benefit from the agriculture-based interventions and farmer beneficiaries, will utilize existing data at SFD's SMED Program concerning agriculture products/crops grown in each governorate, available data on food insecurity and the proximity of farms to local markets. Targeting will also take into consideration the program's ability to have access to those locations. Selection of farms will be based of pre-set criteria, e.g. type of grown products, size of farm, proximity to local markets, ability to employ workers, etc.

16. Targeting of microfinance clients will focus on those most affected countrywide (they are small in number), but will be informed more specifically by where the MFIs are currently able to operate or have access to their clients. This will be determined by the existing and frequently updated program data.

