

SUMMARY

2016/2017 special measure in favour of Yemen "Social protection mechanisms to increase communities' resilience in fragile environment" to be financed from the general budget of the European Union

1. Identification

Budget heading	BGUE-B2016-21.020400-C1-DEVCO
Total cost	EUR 32 000 000.00 of EU contribution EUR 240 000.00 of third party contribution.
Basic act	Regulation (EU) No 233/2014 of the European Parliament and of the Council establishing a financing instrument for development cooperation for the period 2014-2020

2. Country background

Yemen is facing an unprecedented political, humanitarian and development crisis. With more than half of the 26.8 million population already below the poverty line and 8 million people which were already receiving humanitarian assistance before the conflict, Yemen has long been a Least Developed Country and the poorest in the region.

The full-blown civil war that erupted in March 2015 has resulted in an estimated 21.2 million people (more than 80% of the population) in need of humanitarian assistance. Vulnerable groups are, due to their social and economic status within the Yemeni society, likely to have less access to opportunities and are more strongly affected by shocks. The displaced population (at least 2.5 million as of December 2015) faces additional constraints in terms of access to shelter, food, health services, education and livelihoods opportunities.

3. Summary of the Measure

1) Background:

In March 2015, the European External Action Service (EEAS) led a conflict analysis exercise in coordination with the Commission services and the Member States. Access to social services was identified as a key priority for future development cooperation activities in Yemen.

Due to the extreme fragility in Yemen there is currently no public social policy in place. Social protection and the need to address vulnerabilities for marginalized Yemenis is one of the three pillars of the United Nations Millennium Development Goals Acceleration Framework Action Plan¹. This plan specifically recognizes the need to provide community based projects with focus on income generation as an immediate solution.

2) Cooperation related policy of beneficiary country:

¹ Adopted by GoY on 25 October 2014 and supported by the United Nations (UN) and the World Bank (WB)

One of the few social protection interventions, including safety net programmes, which are currently partially-functioning, is the community-driven development programs under the Social Fund for Development (SFD), which used to support 6.9 million Yemenis between 2011 to 2015 and is currently supporting 30 000 families (207 000 Yemenis) only due to the shortage of funds and current insecurity,

In July 2015, the SFD produced a strategic "Response Paper to Yemen's crisis" which confirms the core importance of cash for work and advocates for the implementation projects focusing on health and temporary job opportunities. SFD offers cash-for-work for low-skilled labour force and women, in rural and urban areas.

3) Coherence with the programming documents:

No programming documents: Special measures.

4) Identified actions:

The specific objectives of the programmes are:

1. To enhance economic self-reliance of vulnerable Yemenis through income generation activities and asset upgrade/replacement
2. To improve access to healthcare services (including psychological support) and infrastructure through community based projects and provision of equipment
3. To strengthen the capacity of local authorities for basic services' delivery through enhanced planning, coordination and monitoring

5) Expected results:

The programme is expected to reach the following results:

1. Increased participation of vulnerable Yemenis in cash for work and asset upgrade/replacement
2. Basic healthcare facilities are functional through community based projects and provision of equipment for alternative and renewable energy source (i.e. solar), improved water and medical waste management
3. Psycho-social assistance is scaled up and linked to health care, skills development and income generation
4. Support to local authorities fosters basic services' delivery including health care

6) Past EU assistance and lessons learnt.

The EU, UN, and WB representatives as well as Yemeni citizens met in October 2015 to discuss lessons learnt from the failures of the transition (from a development and political perspective). The final report highlighted the need to resume or accelerate community based projects in low conflict areas, paying particular attention to basic welfare services.

Considering the current level of fragility at the central level, lessons learned highlight the need to produce quick results at local level, promoting resilience-focused development approaches. Working with community leaders is an important step towards establishing or maintaining community networks, supporting security and service delivery at community level, reducing hence the risk to fail in the long-term and contribute to the overall national capacity development. These could be potential entry points for integration of locally embedded early recovery and resilience mechanisms into programming.

Previous evaluations conducted on the SFD, particularly on the cash for work programmes, have highlighted that payments made for cash for work not only contribute to bridging consumption gaps, but also to making savings and building

assets. Asset building at community level strengthens the capacity to withstand future shocks and can be used as a positive coping strategy.

7) Complementary actions/donor coordination.

The project will complement the EU resilience programmes through its specific focus on social protection mechanisms. In December 2015, the EU and four UN agencies signed a contract for "Enhancing Rural Resilience in Yemen - ERRY" (DCI-MED/2015/368-334) as well as a contract for "Enhancing rural resilience through the creation of a community health workers network" (DCI-MED/2015/369-082). Both projects are closely linked and complementary to this proposal.

Donors' coordination mechanisms: the project board, which will be formed upon inception, as well as the Social Protection Working Group (which is still active), the cash and voucher technical working group and the humanitarian aid clusters' system will be used to foster coordination among donors.

4. Communication and visibility

The European Commission and its implementing partners will abide by the visibility rules for European Union financing as per relevant provisions of the project.

5. Cost and financing

Component 1: Grant: direct award to RCRC	EUR 7 000 000
Component 2: Indirect management with UNDP	EUR 25 000 000
Total	EUR 32 000 000

Regular monitoring of project activities will take place on a yearly basis, either by EU delegation to Yemen or under special monitoring facilities.

The Committee is invited to give its opinion on the attached Special Measure 2016 in favour of Yemen.



EN

This action is funded by the European Union

ANNEX

of the Commission Implementing Decision on the
YEMEN - Social protection mechanisms to increase communities' resilience in fragile environment

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning grants awarded directly without a call for proposals: section 5.4.1.1

1. Title/basic act/ CRIS number	CRIS number: 2016/039-477 financed under Development Cooperation Instrument	
2. Zone benefiting from the action/location	Republic of Yemen Targeted governorates will be specified at a later stage according to 3 main criteria: needs, donor coordination and accessibility.	
3. Programming document	No programming document / Special measure	
4. Sector of concentration/ thematic area	Special measure	DEV. Aid: YES
5. Amounts concerned	Total estimated cost: EUR 32 240 000 Total amount of EU budget contribution EUR 32 000 000 The maximum contribution of the European Union for the implementation of the measure is set at EUR 32 000 000 and shall be financed from budget line 21.020400 of the general budget of the European Union, in 2016 for an amount of EUR 23 104 914 and in 2017 for an amount of EUR 8.895.086, subject to the availability of appropriations following the adoption of the relevant budget. This action is co-financed by potential grant beneficiaries for an indicative amount of EUR 240 000.	
6. Aid modality(ies) and implementation	Project Modality Indirect management with International Organisation UNDP Direct management – grant in direct award to a consortium of Red	

modality(ies)	Cross/Red Crescent organisations.			
7 a) DAC code(s)	Main DAC code 160 – Social Infrastructure and Services Sub-code 16010 – Social/welfare services			
b) Main Delivery Channel	UNDP – 41114 RCRC – 21000			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	x
	Aid to environment	x	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	x	<input type="checkbox"/>
	Trade Development	x	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	x	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	x	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	x	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	x	<input type="checkbox"/>	<input type="checkbox"/>
9. Global Public Goods and Challenges (GPGC) thematic flagships	Human Social Economic Development			

SUMMARY

The project aims at enhancing the resilience of vulnerable Yemenis by achieving the following 3 specific objectives:

- To enhance economic self-resilience through income generation activities and asset upgrade/replacement
- To improve access to healthcare services (including psychological support) and infrastructure through community based projects and provision of equipment
- To strengthen the capacity of local authorities for basic services' delivery through enhanced planning, coordination and monitoring

The proposed intervention will expand cash for work, improve health services and empower local development¹ focusing on greater inclusion of women, youth and other vulnerable groups and with an attention to psychosocial support.

The project's identification is based on the assumption that the EU and its implementing partners will cope with in-country security constraints. During the course of implementation and if the political and institutional situation in Yemen evolves significantly, the EU may need to adapt the project to the emerging legal institutional set-up. The project will, however, remain relevant in terms of sector analysis and needs for the population in the short, medium and long-term.

The anticipated EU aid modality is **project approach** while the implementation modality is **indirect management** with an International Organisation, i.e. United Nations Development Programme (UNDP), using Social Fund for Development's schemes and a **direct award in direct management** with a consortium of Red Cross/Red Crescent partners.

1 CONTEXT

1.1 Sector/Country/Regional context/Thematic area

Yemen is facing an **unprecedented political, humanitarian and development crisis**. With more than half of the 26.8 million population already below the poverty line and 8 million people which were already receiving humanitarian assistance before the conflict, Yemen has long been a Least Developed Country and the poorest in the region.

The full-blown civil war that erupted in March 2015 has resulted in an estimated 21.2 million people (more than 80% of the population) in need of humanitarian assistance. Vulnerable groups are, due to their social and economic status within the Yemeni society, likely to have less access to opportunities and are more strongly affected by shocks. The displaced population (at least 2.5 million as of December 2015)² faces additional constraints in terms of access to shelter, food, health services, education and livelihoods opportunities.

The conflict is currently affecting 22 out of Yemen's 23 Governorates. The impact on infrastructures has damaged or destroyed health facilities, schools, factories, micro, small and medium enterprises, local authorities' office buildings and houses.

¹ Both cash for work and local development programmes are Social Fund for Development's components and mobilize communities around participatory planning and community-based projects.

² Survey conducted by Internal Displacement Monitoring Centre 31 December 2015

According to the Disaster Needs Assessment³ (DNA) "preliminary findings indicate **severe sector damage, affecting most severely livelihoods and social services**".

Many private sector companies had to close their businesses and lay off employees. Four months into the war, 27% of domestic enterprises had already closed as a result of the crisis.⁴

Nearly a third of the households⁵ reported a change/limitation of assets over a period of 90 days (June-September 2015) including, e.g. **the incapacity to use productive assets due to insecurity, damage, loss and/or missing inputs**. Asset limitations were highest in Aden and Sana'a Capital City where 63% and 42% of families experienced a negative change. Urban areas were more affected (44%) when compared to rural ones (18%), and **women slightly more disadvantaged** (31% viz. 29%). In the same period, 67% of Sana'a households experienced a **change in income-generating activities, such as a loss of job or change of profession**. This also **impacts urban areas more than rural ones** (45% viz. 36%). Families predominantly turn to family and friends for credit sources. Formal banks (commercial banks, Islamic banks, microfinance institutions) only represent 2.25%. Informal money lenders are solicited the most in Taizz, Hajjah, Abyan and Sa'ada. After the outbreak of the war, social entrepreneurship has emerged as a niche market to bridge private sector-led initiatives to address community needs, such as water provision and solid waste management.

Only **13% of households now receive international remittances, as compared to 23% before March 2015**. While pre-crisis data shows gender parity, after the crisis only 14% of individuals receiving international remittances are women. A similar trend is observed for the flow of domestic remittances before and after the crisis (38% of households before March 2015, 31% after). Remittances are important for the population to receive funds from abroad, and have the capacity to procure on the local market imported goods (fuel, food, medicines).

The above mentioned factors of loss of income are negatively impacting the purchasing power of the population which is even more at stake due to **much higher prices of locally produced commodities as well as imported wheat flour, wheat, sugar, rice and vegetable oil** in March 2016 than before the crisis in February 2015⁶.

The **health system also faces significant challenges of chronic lack of essential commodities**, weak supply and logistic system, shortage of health workers in general and female health workers specifically, mainly in rural areas, as well as poor links between health facilities and communities. The challenges of effectively running the existing health facilities also point to their inability to deliver outreach services with regularity. **Over 54% of the population is in need of support to access adequate healthcare** (mainly the poor and rural segments). **In the absence of safety nets, the cost of reaching health services is unacceptably high**.

Further **reduced public services** exacerbated a plight of people's lives. Even prior to the conflict, local authority services covered only 35.2% of the population. Currently, many local civil servants do not report to the offices due to security, lack of electricity, and damages of office buildings. They experience arrears in the payment of their entitlements, reducing their ability to cope with the crisis. In addition, **development funding allocation from the central government has not materialized in 2015**. Development funding shortfall, including local tax and fee collection, ranged from 31.6% to 91% among the six governorates that UNDP surveyed in September 2015⁷.

³ Yemen – Disaster Needs Assessment, April 2016, EU, World Bank, UNDP, Islamic Bank for Development

⁴ UNDP-SMEPS Rapid Business Survey, 2015

⁵ Survey conducted by Internal Displacement Monitoring Centre December 2015

⁶ Monthly market monitoring bulletin, March 2016, Food Security Secretariat, funded by the EU

⁷ Sa'ada, Sana'a Capital City, Hajjah, Taizz, Aden and Abyan Governorates.

The future consequences of the conflict for government institutions and entities are unclear at this stage but their likely impact may include severe funding shortages resulting from regional/international sanctions and economic collapse, weak central structures and concerns about legitimacy. Some donors, including the World Bank, have already suspended funding to Yemen and most embassies are closed. These developments will impact the populations' already precarious income generation prospects and prompt the need for continued support to communities' welfare and capacity to enhance their resilience to shocks.

This heightened crisis is **calling for greater investment to support social protection mechanisms⁸ at the local level that are currently overstretched.**

1.1.1 Public Policy Assessment and EU Policy Framework

Social Protection

Due to the extreme fragility in Yemen there is currently no public social policy in place. Social protection and the need to address vulnerabilities for marginalized Yemenis is one of the three pillars of the Millennium Development Goals Acceleration Framework Action Plan⁹. This plan specifically recognizes the need to provide **community based projects with focus on income generation as an immediate solution.**

Yemen has a few social protection interventions including safety net programmes, which are currently only **partially-functioning**:

- The **Social Welfare Fund (SWF)** used to support around 33% of Yemeni households but is currently barely operational. Nearly 1.5 million beneficiaries have been affected by the suspension of the SWF's cash assistance, affecting 45% of women. Furthermore, 50% of SWF's facilities have been partially destroyed. Before the war, SWF was in the process of establishing synergies and promoting exchange of experiences with SFD related to targeting and inclusion of beneficiaries.
- Due to shortage of funds and insecurity, community-driven development programs under the **Social Fund for Development (SFD)**, which used to support 6.9 million Yemenis during 2011 to 2015, are currently supporting 30,000 families (207 000 Yemenis).

In July 2015, the **SFD produced a strategic "Response Paper to Yemen's crisis" which confirms the core importance of cash for work and advocates for the implementation projects focusing on health and temporary job opportunities.** SFD offers cash-for-work for low-skilled labour force and women, in rural and urban areas.

The **partial cessation of social benefits** (conditional and unconditional cash transfers) **reduced incomes for millions of families.** The weakening of vital safety net institutions such as the Social Welfare Fund (SWF) and to a lesser extend the Social Fund for Development (SFD) translates into millions of vulnerable individuals being left without essential cash assistance.

Yemen's public spending on these programs was modest when compared to similar programs in other low income countries (between 0.6 – 1% of GDP and 1.5 – 2% of GDP respectively). Yemen's spending on energy subsidies amounts to more than 7 % of GDP. This is expected to further decline as the International Monetary Fund foresees an economic contraction of 30% or more for the fiscal year of 2015. In addition, the recent withdrawal of key donor funding is likely to have a dramatic impact on the beneficiaries (existing and potential) many of whom are extremely poor.

⁸ In the context of this project, social protection mechanisms will focus on two mechanisms: safety nets contributing to local economy development and access to services contributing to households' productivity.

⁹ Adopted by GoY on 25 October 2014 and supported by the United Nations and the World Bank

Health

In 2010, the Government adopted a new 15-year **National Health Strategy**, reflecting all vertical programmes and accommodating the needs arising from the sub-national level. The pre-conflict health system was already profoundly challenged by several political and socioeconomic developments, including population growth, food and water scarcity, political instability and economic stagnation.

Healthcare services were characterized by significant levels of dissatisfaction among both, patients and providers. The poorly equipped facilities, shortages of drugs and medical supplies, poor geographical coverage, limited budget allocated for operational costs and staffing, and low institutional capacity in health management skills and systems all contributed to the low quality and quantity of health care services.

Since March 2015, there has been a surge in civilian morbidity and mortality as an indirect consequence of the conflict. These include disease outbreaks, unmet demands for medical treatment, reduced uptake of health services due to increasing levels of poverty, lack of essential drugs and medical supplies, and deterioration of nutrition status. The UN-OCHA estimates that six out of ten Yemenis do not have access to any form of health care, with a higher proportion in the conflict-affected zones.¹⁰

Many public health programs delivering essential preventive and control interventions are underperforming due the conflict.

While in Yemen there is an **overall shortage of health professionals**, their unbalanced geographic distribution penalizes first and foremost the rural communities. This is due to security issues. Additionally, the dominance of male health workers decreases the accessibility for women and girls¹¹.

The **Yemeni Red Crescent society** (YRCS) is providing life-saving support and basic health services to vulnerable groups across the country. In 2015, it assisted more than 100 000 households as direct beneficiaries of first aid, psychological support, primary health care, nutrition assistance, access to water and sanitation. They furthermore raised awareness on basic rights' issues.

A **National Mental Health Strategy** (2011-2015) was officially approved but did not yield in a mental health policy. Dedicated mental health legislation does not exist in Yemen. **A partnership with SFD as well as the need to integrate mental health into primary health care is quoted as one of the top priorities of the strategy.**

While the longer-term consequences on the mental and psychological well-being of non-combatants, especially women and children, are yet to be seen, rapid assessments in conflict-affected and IDP areas indicate severe psychosocial trauma and pathological patterns of stress and depression. The WHO estimates that up to 5 million people are in need of treatment but essential psychotropic drugs are out of stock.

EU Policy Framework

In March 2015, the European External Action Service led a conflict analysis exercise in coordination with the Commission services and the Member States. **Access to social services was identified as a key priority for future development cooperation activities in Yemen.**

¹⁰ The situation in Taiz's health sector has further deteriorated since the end of the assessment window (late October 2015). As news reports indicate, most hospitals are non-functional because of physical damage and a lack of medical supplies and electricity. See, for example, <http://gulfnews.com/news/gulf/yemen/hospitals-not-spared-from-yemen-s-miserable-war-1.1669971>.

¹¹ The security of health care providers is being compromised by injury, death threats, and kidnapping. The UN-OCHA, the International Committee of the Red Cross, and Médecins Sans Frontières have confirmed casualties among their staff or among other health care providers, which exacerbates the already disastrous human resources situation in the health sector.

These measures and plans are in line with the following EC Programming Documents:

- i) The Council conclusions on EU approach to resilience;
- ii) The EU Communication COM (2012) 586 "EU approach to resilience: learning from food security crises;"
- iii) The EU Communication COM (2012) 446 "Social Protection in EU Development cooperation, "identifies social protection as a means to "strengthen the compact between citizens and the state and promote social inclusion, cohesion and greater accountability", "Without livelihoods and income, individuals and families further descend into poverty and dramatic developmental setbacks." This is true in Yemen, but with the more serious ramifications of a vicious cycle of political, security and economic fragility and instability that have plagued the transition that started with the Arab Spring in 2011.

1.1.2 Stakeholder analysis

The following institutional environment of the social protection framework in Yemen, although used as a reference, is currently volatile. The roles will be periodically assessed during the course of the project and engagement will depend upon their legitimacy and capacity to deliver results.

Community/village level decision making bodies such as village cooperative councils (VCC) and community development committees are informal structures (not part of the local authorities). They were established and **supported by SFD** and the international community to take the lead in community-level development planning, resource allocations, conflict resolution and enhancing social cohesion within the community. Those community/village level bodies can act as entry points for the greater inclusion of women and marginalized groups in the design and enrolment in cash for work programmes.

Social Fund for Development (SFD) was established by law in 1997 as a non-profit organization. Although its board is chaired by the Prime Minister, it is independent from the Yemeni Government as it has independent policies and procedures. Its mandate is to achieve and align its programs with the goals of national social and economic development plans for poverty reduction and it has a **nationwide presence to implement community based cash-for-work programs**. It is still supported by some donors such as DFID and BMZ via KfW. Those have already built its institutional capacities including monitoring and evaluation skills along with the World Bank (WB) which has withdrawn its financial support to SFD since September 2014. SFD uses separate bank accounts for each funding agency. It is subject to an annual financial audit conducted by an independent international audit firm.

SFD's cash for work targeting experiences show that almost 100% of those targeted are amongst the poorest communities of the fourth income deciles. The current targeting criteria include poverty incidences, such as unemployment, food consumption, school enrolment, population density, etc. **SFD could have a catalytic impact should its outreach and targeting be expanded.**

SFD will be **a project's partner to implement and/or use of SFD's schemes for social safety net measures** such as cash for work and health services' delivery through empowerment of local development programmes. SFD is a **demand-driven organization**¹². Its development approach emphasises the importance of decentralized resource distribution, substantial participation and co-determination from beneficiaries (especially vulnerable groups and poor communities), local actors and coordination with local authorities.

¹² Formulated as a contrast to supply-driven, centralised development programmes, notions of demand-driven development and bottom up accountability resonate with the international consensus on aid policy as set out in the Paris Declaration on Aid Effectiveness (OECD 2005).

Early 2016, the EU, in close coordination with DFID, GER, NL, and USAID, launched a pre-award assessment on SFD's current capacities. The preliminary findings identified four adequate areas (Legal Structure and Control Environment & Procedures, Financial Management & Accounting System, Project Management Capacity, Organization Sustainability) and two acceptable areas (Procurement & Property Management Systems, Personnel & Payroll System). **The overall risk level of SFD is considered low.**

SFD supported the **Yemen Red Crescent Society (YRCS)** to build health management buildings in Shabwa and Hodeida governorates in 2010. SFD and YRCS have a long standing relationship in terms of sharing of information related to humanitarian projects in Yemen. Recently, YRCS shared their best practices and lessons learned from community based health and development project.

The **Yemen Red Crescent Society (YRCS)** was established in 1968 and is an auxiliary to the public powers. YRCS has a structure of 1 headquarter (42 qualified employees) and 21 branches (240 employees). It counts on 3 500 trained and active volunteers paying particular attention to gender balance (2300 male and 1200 female) which allows a nationwide presence that provide local knowledge and access to communities. This permits as well to work with community volunteers, decision makers and civil society organisations. The YRCS manages 12 health facilities (out of which two have been fully damaged and three have been partially damage during the war), a fleet of 32 ambulances and 22 warehouses.

To strengthen **YRCS capacity in "PsychoSocial Support (PSS)**, 230 volunteers were trained in 2015. Three orphanages in Sana'a, Ibb and Mahweet have been supported with PSS toolkits, benefitting around 1 000 children. It is planned to support other governorates with similar interventions. YRCS also implemented an integrated conflict project, focussing on the support of marginalized and vulnerable communities to support PSS within the school (such as organising PSS sessions for children, teachers, parents, community leaders and local authorities, targeting a total of 64,000 persons).

With the support of Danish Red Cross, **YRCS has developed a project monitoring, evaluation and reporting toolkit** allowing capturing the progress of community based health and development projects. It has been used as a general toolkit since 2014 for all projects. Under the psychosocial support component, the field staff writes regular reports (for HQ endorsement) and visits the field on a regular basis.

YRCS will be a project's partner to implement PPS and to facilitate access to health facilities.

The main partners of the Yemen Red Crescent Society are within the International Red Cross and Red Crescent Movement, mainly the **International Committee of the Red Cross**, the **Danish Red Cross** and the **International Federation of the Red Cross and Red Crescent societies** along with other partner National Societies like the **German Red Cross** and **French Red Cross**. With the Movement partners, the collaboration is focused on areas of **community based health development**, disaster risk reduction, emergency response, **psychosocial support**, **organisational development**, protection as well as International Humanitarian Law.

YRCS is also collaborating with the World Food Programme, UNICEF, UN-OCHA, the UNHCR, the International Organization for Migration, in addition to several governmental bodies like the Ministry of Public Health and Population and the Ministry of Interior in assessing the needs of the population and in offering different types of support to them.

To target vulnerable groups (including the poor, women, people with disabilities and marginalized groups) at the community level, the project will liaise with the **local authorities** – local council and administrative units including the executive office at both, Governorate and district level – as these groups have the responsibility to consult communities and develop and implement **district economic and social development plans** for local society. Those plans are submitted by the Governorates to the

national government and have a direct impact on the service delivery and social protection mechanisms. Both SFD and YRCS can support this process by mobilizing the concerned communities through their network of branches, staff and volunteers at community level.

Ministry of Planning and International Cooperation (MoPIC) possesses the mandate of socio-economic development planning and programming. MoPIC is the EU's direct partner in development cooperation and is currently operational and manages to work in a non-partisan manner.

The project will involve the **Ministry of Social Affairs and Labour (MoSAL)**, which is in charge of social programmes and employment-related issues and also present at decentralised level, especially in governors' offices and local development councils and operates the **Social Welfare Fund**.

As the project will have an impact on communities, it will involve the **Ministry of Local Administration (MoLA)**, which supports the development of the local administration system and coordinates government policies stipulated in a local authority law. The Ministry also builds the local administration's capacities in planning and budgeting, in addition to monitoring and supervising their performance. Liaison at the local level thereby ensures that planning and budgeting incorporate the economic needs of citizens. Close liaison with the **Ministry of Public Health and Population** will ensure that the rehabilitation and upgrading of local public health centers is in line with the Ministry's priorities. The Ministry of Public Health and Population is functioning at both, central and local levels, and currently supported by partners in capacity building, service delivery and information management.

UNDP has been leading resilience-building interventions throughout the crisis. The partnership between UNDP and SFD provided temporary work opportunities to 900 crisis-affected households in Taizz between August and December 2015. UNDP also builds the capacities of communities and local authorities to plan and increase service delivery in more than 70 villages in Taizz' governorate (e.g. Solid Waste Management, sanitation, education, transportation). In 2015, UNDP provided psycho-social assistance to over 2 500 victims of human rights abuse and their families, through the development of training modules and capacity building to providers.

UNDP will closely coordinate with the **World Health Organization (WHO)**, which works in close coordination with the Ministry of Health and Population under its specific mandate. WHO is actively supporting information management capacities at the central and local levels through its HerASM data platform and underpins its humanitarian health response under the health cluster in Yemen which has been activated in September 2009.

UNDP will also coordinate with the **International Labour Organisation (ILO)**, a UN agency, whose focus is to create decent work and protect the rights at workplace to ensure social justice. ILO is already supporting Yemen in supporting to the SFD to develop post cash for work services.

During identification, UN and RC/RC partners as well as SFD have been consulted and active in providing input.

1.1.3 Priority areas for support/problem analysis

The proposed action will focus on the following priority areas:

1. Expanding and improving access of cash for work programmes for vulnerable groups

When compared to existing needs, cash for work activities have a limited geographic and demographic coverage and targeting (geographic, demographic/social groups). OCHA estimates that **2.1 million Yemenis are currently in need of social protection measures**. Multiplying cash for work activities

as well as including wider vulnerable groups would result in an expanded outreach, in meeting additional needs and in establishing stronger linkages with Governorate/district planning. The proposed interventions will further expand the current cash for work activities and empower local development programmes, with focus on greater inclusion of women, youth and marginalized groups.

2.Improving access to basic health care and psychological support

Nearly 600 health facilities have closed since March 2015 due to damage, shortages of critical supplies or lack of health workers. **Deteriorating health services have left 14.1 million people seeking scarce health services from even fewer facilities**, most of which are under-resourced and over-burdened.¹³ Shortages of fuel, medicines and medical supplies are severely constraining services in health facilities that remain open.

As of March 2016, the Office of the High Commissioner for Human Rights verified **13 080 reports of human rights violations and abuses covering a one year period**. Some examples of the vast array of ongoing human rights and humanitarian law violations include, but are not limited to, the following: recruitment and use of child soldiers; gender based violence and conflict related sexual violence, abuse and exploitation; early, child, and forced marriage; indiscriminate targeting of civilians (particularly through the launching of artillery rockets and the illegal use of cluster bombs); illegal blockades of humanitarian aid and essential supplies of fuel. Creating access to basic health care services as well as to psycho-social support (despite the needs, there is a huge lack in the area)¹⁴ is of utmost importance for the population to cope with the current situation.

The proposed approach will aim to contribute to the delivery of health services, giving priority to:

- cash for work for health facilities (i.e. equipment, rehabilitation)
- support to overcome energy gaps via renewable energy (i.e. solar panels)
- support in water management and medical waste management,
- capacity building to key service providers (i.e. public and private medical practitioners, NGOs, CBOs), focusing on psychosocial support for vulnerable groups as well as to community members (especially youth) to support their coping capacities in the current context
- better coverage and outreach of health facilities by engaging (or establishing) community groups with support from YRCS branches and volunteers

3.Alleviate dysfunctional State institutions:

State institutions and public services have become compromised and dysfunctional during the unfolding crisis and following a full-fledged conflict since March 2015. The Rapid Integrated Assessment¹⁵ conducted by UNDP in September 2015 highlighted the following bottlenecks:

- Lack of secured office spaces/security;
- Lack of electricity and fuel (for generators and transportation);
- Reduction of development project funding: some governorates mobilized limited resources for development projects through local tax and fee collection (e.g. Hajjah, Abyan, Sana'a city). However, **all governorates observed a reduction of the development expenses**. The reduction rate in Sana'a city was the smallest among the surveyed governorates, which amounted to a 31.6% loss, while Hajjah Governorate development expenditures were reduced by 91%;

¹³ Yemen Humanitarian Response Plan 2016

¹⁴ Humanitarian Needs Overview 2016.

¹⁵ An objective of the Rapid Integrated Assessment (RIA) was to appraise the impacts of conflicts on people and community holistically. It covers local governance structure, basic and social service delivery in informal planning capacities; social cohesion and community security; livelihoods; mine action; and non-state actors. It covered seven governorates, i.e. Aden, Abyan, Hajjah, Hadramaut, Sana'a city, Sa'ada, and Taizz.

- Lack of operational budget: even during 2014, prior to the conflict, local authorities' operational costs, excluding salary payments, only represented 3-10% of the total expenditures. This resulted in a lack of electricity, fuel (for generators), water, office equipment, supplies, facilities etc.;

- Civil service officers' lack of understanding of their terms of reference (ToR) and motivation. The local governance survey found out that civil servants do not know their terms of references. Even before March 2015, local authorities' actual working hours amounted to almost only half days. These resulted in **ineffectiveness and inefficiency of civil service and their service delivery**.

2 RISKS AND ASSUMPTIONS

Risks	Risk level H/M/L	Mitigating measures
The security situation impedes project implementation.	H	Capacity-building of local staff and Yemeni NGOs to ensure continuation of project implementation if no international staff allowed on the ground. Target low conflict intensity areas and use remote management modalities (e.g. for monitoring).
Economic and financial collapse, which may include currency devaluation, hyperinflation, diminishing of foreign reserves, rupture of imports (high import dependency) and restrictions in the banking system.	H	The intervention becomes all the more important as localized economic activity accrues importance (import substitution on a very limited basis). Liaison with microfinance institutions will be promoted and alternative financial transfer systems, such as exchange offices and mobile banking, will be encouraged.
Issues with legitimacy and functionality of central government.	H	Direct assistance at local levels including, if viable, working with local authorities.
Difficulty for women to participate in the intervention.	M	Community outreach to explain the project's objectives and importance of enrolling women.
Assumptions		
Implementing partners continue to operate with a sound financial management SFD and YRC continue to maintain operations. UNDP periodically conducts capacity assessments, together with financial spot checks and audits of implementing partners as per its financial rules and regulations, adapting to the fiduciary risk level identified.		
Cash-based interventions are suitable for the targeted communities. Active participation in the social protection working group ¹⁶ , which coordinate all donors involved in building SFD's capacities.		
The conflict and stalemate continue at the same current level or improve.. The project will liaise with de facto local authorities when government is not fully present. The project will not address issues which require changes in policies and legal frameworks.		
The level of humanitarian crisis remains or will worsen. Focus on service availability to people/communities while public services may be further limited.		
The Government will not have (or only limited) development and operational budget for public service delivery while salaries of civil servants will be paid. Operational support to local authorities will be provided to maintain minimum service delivery to people.		

¹⁶ Coordinated by DFID

3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

Available research and evaluation work done by the EU and other partners taken into consideration for the formulation of the project, are SFD's cash for work programme evaluation (2013) and progress report (04-09/2015, EU country evaluation (2002 – 2012), EU civil society analysis (09/ 2015), UNDP Yemen Resilience Programme 2016-2017, October 2015's 3 days' workshop in Larnaca final report as well as RC/RC youth and volunteers and agent for change in the MENA region (2013 – 2015).

The EU, UN, and WB representatives as well as Yemeni citizens met in October 2015 to discuss lessons learnt from the failures of the transition (from a development and political perspective). The final report highlighted the **need to resume or accelerate community based projects in low conflict areas, paying particular attention to basic welfare services.**

Considering the current level of fragility at the central level, lessons learned include the **need to produce quick results at local level**, promoting resilience-focused development approaches to strengthen the "ability of an individual, a household, a community, a country or a region to withstand, to adapt and to quickly recover from stress and shocks."¹⁷. **Working with community leaders** is an important step towards establishing or maintaining community networks, supporting security and service delivery at community level, reducing hence the risk to fail in the long-term and contribute to the overall national capacity development. These could be potential entry points for integration of locally embedded early recovery and resilience mechanisms into programming.

Previous evaluations conducted on the SFD, particularly on the cash for work programmes, have highlighted that **payments made for cash for work not only contribute to bridging consumption gaps, but also to making savings and building assets.** Asset building at community level strengthens the capacity to withstand future shocks and can be used as a positive coping strategy. SFD also identifies the following lessons learnt from their 2015 implementation:

- i) Establishing a **field management team residing close to the project site** is beneficial to reduce the low-security risks during mobility and the cost of transportation,
- ii) Costs can be reduced by choosing **projects that rely on local materials** as much as possible and
- iii) **Contracting NGOs to execute some of the projects soft components**, such as health awareness, nutrition education and/or cash for work, increases the capacity of the project.

Evaluations also highlighted that decisions must take into account the i) needs of the communities, ii) available skills, and iii) labour contents of the proposed work.

Above evaluations have also confirmed the **effectiveness of cash for work** activities regarding exchanges between skilled and less skilled community members. A balance between large scale community projects (such as the construction of roads or large water harvesting schemes) and small scale interventions (such as land and terraces rehabilitation) needs to be found to ensure equality in wage distribution. A **continuous contextual research is needed to create socially and economically valuable projects, which accommodate skills and capacities of target groups.**

Gender mainstreaming will be targeted at the household level, allowing thus the opening of non-traditional occupations in case of economic needs. However, it is essential **to design interventions (as regards skills) which will allow the integration of women.** While SFD's current cash for work model targets households as one unit, there is a **strong interest to further analyze the needs of individuals within the household level.**

¹⁷ COM(2012) 586 "the EU approach to resilience"

Throughout 2015, the UNDP **cash for work assistance interventions have proven effective to stabilize livelihoods in fragile environments**. Support to self-employment was considered as being most useful when it built on cash for work graduates while integrating skills development components. This proven experience highlights the **catalytic result of economic resilience building, particularly when carried out in close partnership with successful entities such as the SFD**. Such collaboration could enhance outreach to rural and remote areas, but **would also increase SFD's capacity to enrol a greater number of youth at risk of violence and radicalization**.

According to WHO, addressing the **mental health of affected populations requires a multilayered response**. This is most effective when delivery of services is reinforced with capacity building of actors and an **exit strategy that can offer income-generating opportunities for victims/patients for their economic reintegration**. Working-occupational therapy can serve as an income generating platform for vocational works such as carpentry, electrician, mechanic, and so on. The intensity of trauma reduces when beneficiaries are not only treated as hospital patients.

Red Cross and Red Crescent (RC/RC) societies primarily use a **community based approach in responding to psychosocial needs**. This is based on lessons learned from RC/RC society programmes in the region, which show that through the community based approach. In this way, dependency of resources is reduced through mobilisation and strengthening of relationships and networks. Communities can be supported to address problems faced by individuals or groups. Most communities in Yemen do not have mental health systems in place, it is therefore essential to **engage health care personnel, RC/RC staff and volunteers to be able to provide psychosocial support services**^{18 19}.

YRCS and DRC (with support of Jordan Red Crescent, Tunisian Red Crescent and the Danish government) recently concluded a three-year project that aimed at enhancing youth and volunteer engagement²⁰. The main project evaluation conclusions highlighted that the activities have substantially contributed to **engaging more RC youth volunteers in response to the needs of local, vulnerable groups**. An important factor has been the **introduction of female-oriented activities which allowed young women to join the YRCS and to contribute hence to their local community**. An essential trigger for this has been RC's good reputation and its ability to attract and retain more volunteers leading to a significant increase in the number and diversity of the volunteer group. An important driver in this regard is that the **RC provides one of relatively few options for young people who are keen to find a place for engaging and identifying themselves**. Volunteers demonstrated the tangible value of their work and engagement, thus disproving existing scepticism and building an increasingly positive reputation within the local communities.

3.2 Complementarity, synergy and donor coordination

The project will complement the **EU resilience programmes** through its specific focus on social protection mechanisms. In December 2015, the EU and four UN agencies signed a contract for "Enhancing Rural Resilience in Yemen - ERRY" (DCI-MED/2015/368-334) as well as a contract for "Enhancing rural resilience through the creation of a community health workers network" (DCI-MED/2015/369-082). Both projects are closely linked and complementary to this proposal.

¹⁸ Psychosocial interventions – a handbook (2011). International Federation Reference Centre for Psychosocial support, p 42

¹⁹ Community-based psychosocial support –trainers book (2009) International Federation Reference Centre for Psychosocial support, p. 51

²⁰ Youth and Volunteers and Agents of Change in the MENA Region (2013-2015)

Through the thematic budget lines and the instrument contributing to stability and peace (ICSP), the EU still has complementary projects among which 4 started implementation in 2016, in promoting and protecting **children rights** (ICSP/2015/368-453 "Children in Yemen grow up in a safe, protected and conflict free environment", EIDHR/2015/353-893 "Protection of promotion of children's rights in armed conflict), the **role of women** (ICSP/2015/Enhancing women's role in peace and security in Yemen) **and marginalized groups** (EIDHR/2015/353-886 "Promoting the rights and dignity in Yemen) in the Yemeni civil society as well as **supporting human rights**.

Currently Yemen Red Crescent Society and the Danish Red Cross are cooperating on community-based **health and WASH projects** in Hadramawt, Ibb and Mahweet governorates (with financial support from the Danish government). The Partnership for Community Development project in Raymah governorate (DCI-NSAPVD/2014/343-251) was suspended in August 2015 due to the conflict, but is expected to resume in July 2016.

DRC and YRCS successfully implemented the project “Improving the lives of female detainees and their children in prison in Yemen” (2013-2015) with financial support from the EU (EIDHR/2012/307-830). The project integrated the provision of **psychosocial support services, health and hygiene services, and vocational training** to female detainees.

ECHO’s 2016 Humanitarian Implementation Plan focuses on **emergency response to IDPs’** urgent needs (cash for work, WASH, health, shelter) and pre-conflict needs (food security and nutrition) for a total commitment of EUR 47 million. Synergies (such as location) have been identified and will be further developed.

Other initiatives related to social protection will be strengthened and rendered more effectively (by helping to reduce some of the case load) through this proposed intervention, including **Linking Relief and Recovery to Development (LRRD) initiatives implemented by humanitarian organizations** or SWF unconditional cash transfers to the poorest (assuming it will start again). The EU cooperation with SWF within the AAP 2013 is suspended due to SWF's collapse and the incapacity of the identified service contractor to be present in Yemen with its international experts for understandable security issues. Would SWF mission resume, the proposed action will contribute to support the development of a fair and sustainable system to phase out current unconditional cash transfers to safety net beneficiaries.

Close coordination with **WHO and the Ministry of Public Health and Population will be ensured at the local level and centrally through the health cluster and the psychological support working group**, to ensure that psychosocial assistance and capacity building efforts complement ongoing initiatives and effectively address sectoral gaps. Collaboration will also include information sharing and review of existing methodologies/approaches.

Donors' coordination mechanisms: the project board, which will be formed upon inception, as well as the **Social Protection Working Group** (which is still active), the **cash and voucher technical working group** and the **humanitarian aid clusters’** system will be used to foster coordination among donors.

The social protection working group is coordinated by DFID and embraces key players such as the WB, International Labour Organisation (ILO), Kreditanstalt für Wiederaufbau (KfW), United Nations International Children's Emergency Fund (UNICEF), United States Agency for International Development (USAID) and Kingdom of the Netherlands. Since 2013, the Group has been supportive to and involved in the EU’s work with social protection issues as part of a global dialogue.

DFID, the government of Germany and the Government of Netherlands directly support SFD and its cash for work programmes. They all made specific commitments to expand and improve social protection schemes in Yemen together with SFD. The proposed action will **further position the**

EU as the major European player in terms of financial commitment, geographic coverage and social protection expertise in Yemen.

The **mental health working group** has been reactivated as of 3 May 2016.

Further engagement of the Yemeni private sector in economic growth is being supported by UNDP through the 'Yemen Our Home' platform,²¹ livelihood diversification programmes and the establishment of a network for public-private dialogues (PPD) and recovery.

The RC/RC partners have internal coordination mechanisms to support the YRCS. The ICRC is leading humanitarian operations. IFRC is responsible for disaster management operations, coordination of capacity-building measures and assistance to RC/RC partners for awareness raising activities regarding psychosocial reactions during long-term social disruptions.

3.3 Cross-cutting issues

Gender equality and empowerment – Gender equality will be supported in the project as one of the core interventions. It will mainstream effective female inclusion in all stages of project design and implementation. Particular attention will be given to tailoring interventions that respect cultural norms and traditions for female beneficiaries. Whenever feasible, data will be disaggregated by gender to track the progress and impact. In addition, it will ensure that results for female beneficiaries translate into transformational change, allowing for empowerment through self-reliance in the economic sphere.

Environmental considerations – The project will promote interventions that respect the environment and encourage local/inclusive procurement of equipment and materials.

Human rights – A special focus of the project will be on the rights of the children to be protected from the worst forms of child labour²² and child labour in general. The project will keep in perspective a rights-based approach to social protection²³ and fight exclusion and discrimination against marginalised groups, such as the Muhamasheen.²⁴

Conflict sensitiveness – As a country currently suffering from its political-security-development nexus, conflict cannot be omitted from the preliminary analysis or its inter-linkages underestimated. Nonetheless, Yemen is affected by a diverse range of conflicts, including at the most local level. The project will exercise constant awareness and sensitivity at the local level based on “Do no harm” principles. By focusing on inclusion and practical rights, it is expected that the project will contribute to social justice and social peace. Intervention will be implemented where access can be ensured.

4 DESCRIPTION OF THE ACTION

4.1 Objectives/results

The **overall objective** is to strengthen the resilience capacity of poor and vulnerable communities and households through **improved access to public services and social safety nets**, with particular

²¹ www.yemenourhome.org

²² As defined in ILO core Convention 182 on the Worst Forms of Child Labour, for the implementation of which special units have been established within the Ministry of Social Affairs and Labour at central level, and within each governorate.

²³ With the guidance provided by the Recommendation 202 on Social Protection Floor, adopted by the International Labour Conference in 2012.

²⁴ The Muhamasheen form a marginalized social group in Yemen, up to 10% of the population according to UNICEF/ Social Welfare Fund (Muhamasheen Mapping Survey, 2014), discriminated in the socio-economic and political spheres, with concentration in Sana'a capital, Hodeidah, Ibb but more at large around urban centres.

attention to the inclusion of women, young people and marginalized minorities across at least three Governorates²⁵.

Specific objectives:

- SO1: To enhance economic self-reliance of vulnerable Yemenis through income generation activities and asset upgrade/replacement
- SO2: To improve access to healthcare services (including psychological support) and infrastructure through community based projects and provision of equipment
- SO3: To strengthen the capacity of local authorities for basic services' delivery through enhanced planning, coordination and monitoring

Expected results:

ER 1. Increased participation of vulnerable Yemenis in cash for work and asset upgrade/replacement

ER 2. Basic healthcare facilities are functional through community based projects and provision of equipment for alternative and renewable energy source (i.e. solar), improved water and medical waste management

ER 3. Psycho-social assistance is scaled up and linked to health care, skills development and income generation

ER 4. Support to local authorities fosters basic services' delivery including health care

4.2 Indicative main activities

Under ER 1. Increased participation of vulnerable Yemenis in income generation activities and asset upgrade/replacement

- Design and implement cash-for-work and on the job skill development through grants to SFD
- Review of existing SFD targeting mechanism
- Exchange best practices and develop SFD guidelines
- Conduct inclusion workshops for SFD staff and external practitioners
- Conduct awareness/outreach campaigns to recipient communities to increase participation
- Conduct participatory cash for work design workshop
- Explore alternative cash disbursement modalities responsible to vulnerable population and promote financial inclusion of cash for work recipients through linkages with financial institutions

Under ER 2. Basic healthcare facilities are functional through community based projects and provision of equipment for alternative and renewable energy source (i.e. solar), improved water and medical waste management

- Identify damaged/affected health facilities in coordination with SFD and YRC
- Provide alternative/renewable energy source (i.e. solar energy) and medical waste and water management.

²⁵ Targeted governorates will be specified at a later stage according to 3 main criteria: needs, donor coordination and accessibility

- Design community based projects
- Implement inclusive cash for work scheme for light health infrastructure rehabilitation
- YRCS capacity building to enhance outreach of services to the communities from health facilities

Under ER 3. Psycho-social assistance is scaled up and linked to health care, skills development and income generation

- Map needs and existing service providers at district level of mental health and psycho-social assistance
- Tailor the RC/RC community based psychological support training kit and lay counselling manual to the Yemen context
- Tailor the RC/RC life skill manual and psychological support for youth in post conflict manual to the Yemen context
- Capacity (e.g. psychological first aid, supportive communication skills, psychoeducational activities) of paraprofessional health workers (e.g. community outreach workers and health care personal, NGOs, volunteers) to meet the need for psychosocial support psycho-social support to vulnerable groups
- Training of VCC members in psychosocial support e.g. life skills sessions to ensure better linkages between skill development, income generation and psychosocial support services
- YRCS capacity building to enhance outreach of psychosocial support services

Under ER 4. Support to local authorities fosters basic services' delivery including health care

- Establish and operationalize village cooperative councils to develop community resilience plan²⁶ and identify and target most prioritized community-based service delivery including health care
- Support local authorities to conduct public service damage assessments including health facilities and services in partnership with village community councils and civil societies
- Develop a district plan to restore basic services based on the damage assessments. The district plan will include clear linkages to the community level so as to promote better coverage and access for the vulnerable groups
- Provide grants to district level to implement service restoration based on the district recovery plan
- Establish one-stop shop as entry points and coordination body to restore minimum public service delivery including health care at governorate level

4.3 Intervention logic

The basic hypothesis of the project is that with the provision of social protection measures, psychosocial approaches and local authorities that are more responsive to needs, vulnerable groups and the population can benefit from safety nets, restored services and promoted social contract that contribute to increased community resilience in a fragile environment.

The key pathway of change is improving access of vulnerable groups to services and capacity development:

- i) Advisory services (technical assistance) to the Social Fund for Development to increase the inclusion of vulnerable groups in its cash for work programmes,
- ii) Capacities of health facilities reinforced for them to continue operating for vulnerable groups to access their services, and provision of psychosocial services for a wider outreach,
- iii) Improvement of public service delivery through capacity development of local authorities for the realisation of their mandate.

²⁶ Enhancing resilience calls for a long-term approach, based on alleviating the underlying causes conducive to crisis, and enhancing capacities to better manage future uncertainty and changes.

All of the above will lead to the improved restoration of services for the population and greater social protection for vulnerable groups. This is being supported through the logic of the intervention, promoting **better access** to income-generating activities, health services and psychosocial services for vulnerable groups, enhancing the **quality** of cash-for-work design, targeting, and psychosocial assistance delivered. It will also be complemented by **improved governance** at the local level, reflected in the perception of citizens and the availability of public services.

Based on previous analysis and needs assessments, the major component of the action will focus on the creation of income generation activities and improvement of access to healthcare services.

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

5.3 Implementation of Budget Support component: NA

5.4 Implementation modalities

5.4.1.1 Grant: direct award "health services" (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The objective of the grant will contribute to :

- SO2: To improve access to basic healthcare services (including psychological support) and infrastructure through community based projects and the provision of equipment
- SO3: To strengthen the capacity of local authorities for basic services' delivery through enhance planning, coordination and monitoring

The type of actions eligible and the expected results are those mentioned under ER2 and ER3 in point 4.2 linked of specific objectives 2 and 3.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to the Red Cross/Red Crescent partners (RC/RC).

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposal is justified because the country is in a crisis situation referred to in Article 190(2) RAP and the action has specific characteristics requiring RC/RC technical competences and its psychological support reference centre, its principles of neutrality and independence and its capacity to access insecure and remote areas.

(c) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 96.3% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative trimester to conclude the grant agreement

Second trimester of 2017

5.4.1.2 Indirect management with an international organisation

A part of this action will be implemented in indirect management with United Nations Development Programme (UNDP) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012. This implementation entails all the actions described above and implemented with SFD and YRCS in order to strengthen the resilience capacity of poor and vulnerable communities and households. This implementation is justified because UNDP's mandate is to build resilience in communities which is applicable to the action document. Particularly UNDP has the expertise, capacity and a long standing history of cooperation with SFD. It has been delivering similar projects during the war. It liaises with the Ministry of Planning and International Cooperation in Sanaa.

The entrusted entity would carry out the following budget-implementation tasks:

Transfers to SFD will be managed soundly. A capacity assessment and panel review to inform on risk mitigation measures to be put in place (i.e. dedicated resources/personnel at SFD for financial management and narrative reporting) will be done. Funds are transferred through instalments, based on the satisfactory clearance (financial and narrative) by the project implementation team. Transfers to SFD will be towards the realisation of its cash for work and empower for local development programmes and contractors for rehabilitation works that may necessitate higher skills labour.

Procurement of solar energy will be led directly by UNDP.

UNDP will also commission an audit as per its rules and regulations as well as regularly monitor risks and implementation issues.

Reporting (financial and narrative) will be verified and compiled by UNDP for the EU.

5.4.1.3 Change from indirect to direct management mode due to exceptional circumstances

The alternative implementation modality to indirect management with an international organisation is grant(s) with a direct award also described under 5.4.1.1. The change of management mode from indirect to direct management, whether partially or entirely is not considered a substantial change.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

In accordance with Article 9(2)(a) of Regulation (EU) No 236/2014 the Commission decides that natural and legal persons from the following countries having traditional economic, trade or geographical link with neighbouring partner countries shall be eligible for participating in procurement and grant award procedures: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates. The supplies originating there shall also be eligible.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

Module	EU contribution (amount in EUR)	Indicative third party contribution, in EUR
Direct grant to RCRC (direct management)	7,000,000.00	240,000.00
Indirect management with UNDP	25,000,000.00	N.A.
Total	32,000,000.00	240,000.00

5.7 Organisational set-up and responsibilities

A steering committee will provide strategic direction, management oversight/coordination and advisory authority. It will endorse annual work plans. Representation of the host government will be highly encouraged at national level. The EU delegation to Yemen will lead the steering committee or nominate a representative when its presence cannot be effective during the meetings.

The steering committee will be supported by a coordination unit bringing together representative from EU, UNDP, RCRC, SFD and YRCS.

Coordination mechanisms will be put in place and further detailed before signature of the contracts and will be based on regular meetings at field level and/or in the region, enhancing thus the presence of the EU task manager.

UNDP will provide technical assistance (expertise), quality assurance, monitoring, reporting, evaluation and auditing services, contributing to the restoration of the cash for work programmes implemented by the SFD as well as building their capacities for improved targeting and reporting. Technical assistance through expertise and sharing of best practices will be provided by UNDP to SFD to improve their household level targeting, for the wider inclusion of vulnerable groups. Monitoring will be performed at several levels: at the field level with UNDP personnel deployed working closely with SFD's implementing teams at the branch level. Where access is limited due to security concerns, and/or to complement monitoring methodology, UNDP will also source additional monitoring capacity through third party contracting. UNDP is already leading a review of existing third party monitoring actors operating in Yemen. Through its project and Economic Restoration existing programme teams, UNDP will perform quality assurance functions to see that results are on track and support their quality achievement, through broader capacity support to SFD in gap areas identified. Visibility and communication will also be prepared and disseminated by UNDP's communication and project team.

RCRC Consortium:

The Red Cross and Red Crescent Movement's leading partner (either a European Red Cross or ICRC or IFRC) with international staff presence in Yemen will take responsibility for the programme management of the direct award (including quality assurance of implementation, monitoring, financial management, and submission of narrative and financial reporting to the EU). It will provide technical and managerial capacity building support to YRCS to achieve the Action's Results. Further, commits own funds as co-financing of the Action.

Yemen Red Crescent Society (YRCS) will be responsible for the operational planning, implementation, monitoring and review of RC/RC activities as well as financial management and

dissemination of outcomes and cooperation with the key stakeholders at all levels, including SFD, UNDP, government ministries.

IFRC Reference Centre for Psychosocial Support (IFRC Reference Centre) will be responsible for technical support, including adaptation of training material, handbooks and guidelines to the Yemeni context as well as facilitation of training of YRCS staff and volunteers, staff at health facilities and vocational training centres in psychosocial support.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. A base line study will be done to complement missing data at the beginning of the project. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission will, whenever feasible, undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a final evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that further actions will be needed due to the level of vulnerabilities and state fragility.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

As for what concerns UNDP, financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Regulations and Rules of the UNDP.

The financing of the audit shall be covered by another measure constituting a financing decision.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU. This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action. A visibility strategy shall be agreed with UNDP and RCRC before signature of the contract.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.