

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT

Yemen



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Project Title: Yemen Emergency Social Protection Enhancement and COVID-19 Response Project
-Additional Finance, **Project Number: 00141815** **Implementing Partner: UNDP**

Start Date: 13 April 2022 **End Date:** 31 Dec 2024 **LPAC Meeting/Negotiation date: 2 March 2022**

Brief Description

The protracted conflict has made Yemen one of the poorest and most food insecure countries in the world. The conflict has destroyed livelihoods and the ability to purchase food. It has also caused major disruptions in the food supply chain and increases in the price of imported foods, which Yemen is heavily reliant on, resulting in substantial increases in food prices. About two-thirds of the population are food insecure with ten million at risk of famine, and two million children require treatment for acute malnutrition. Food-price spikes have negative repercussions for female headed households. They suffer labour market discrimination, which confines them to informal and casual employment, as well as pay inequity. Also, they frequently spend a bigger share of their family budget on food than male heads of households. Most of the population also lacks access to basic services such as education, health services, water and sanitation. This is being compounded by the impact of climate-related shocks, including the desert locust plague and recent floods. In addition, the COVID-19 pandemic has had a severe effect on an already devastated economy and impoverished population. In response to the protracted conflict and crisis the Yemen Social Protection Enhancement and COVID-19 Response Project (ESPECRP) aims to provide nutrition-sensitive cash transfers, temporary employment, and increased access to basic services and economic opportunities to food-insecure populations affected by COVID-19, Yemen's conflict and climate-related shocks, as well as to strengthen the capacity of national service delivery institutions. The WB approved Additional funding for ESPECRP of \$108 million, bringing the total funds for the project to US\$ 169.4 million. The proposed Additional Financing (AF) is intended to sustain and scale up the impact of the parent project in response to the deteriorating food insecurity and malnutrition situation. The AF will continue to provide immediate relief to food insecurity and malnutrition while also increasing resilience to food insecurity and malnutrition in the future. To increase impact in the medium to longer term, the AF will bundle geo-focused interventions from different projects and target those bundles to areas with high food insecurity and malnutrition—this is in line with the Bank's approach to reduce food insecurity and malnutrition. The project aims to achieve **geo-focused bundles to reduce food insecurity and malnutrition** through achieving the following four outputs:

- Provide cash assistance and much-needed services for vulnerable households that are most at risk of malnutrition (Cash Nutrition).
- Create employment opportunities for vulnerable populations, improve productivity, strengthen social cohesion, and respond to the anticipated effects of climate change (Cash for Work).
- Build valuable socio-economic assets for local communities that help improve access to key services and small infrastructure.
- Economic opportunities and food market resilience.

Contributing Outcome (UNDAF/CPD, RPD or GPD): 1. By 2024, people in Yemen, especially women, adolescents, and girls and those in the most vulnerable and marginalized communities' benefit from better, equal, and inclusive access to nutritious food, sustainable and resilient livelihoods and environmental stability. (GEN 2) 2. By 2024, people in Yemen, especially women, adolescents, girls, and those at risk of being left behind, become more resilient to economic shocks by increasing their income security and access to decent work. (GEN 2)	Total resources required	US\$ 108 million	
	Total resources allocated (PF and AF)	UNDP TRAC:	
		Donor: World Bank	US\$108 ¹ million
	Unfunded:	0	

Signed by:

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Auke Lootsma
Auke Lootsma
UNDP Yemen Resident Representative

¹ This is equivalent to 77.5 million Special Drawing Rate (SDR) and the exchange rate used by then was 1.3935

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I. DEVELOPMENT CHALLENGE

The conflict in Yemen has brought the economy to a near collapse. Even prior to the conflict, the economy was heavily dependent on diminishing oil and gas resources: 25 percent of gross domestic product (GDP), nearly three-quarters of government revenues, and 90 percent of the exports. Violent conflict, now in its sixth year, has brought the economy to a near collapse. Hydrocarbon exports came to a virtual halt in 2015 due to the repeated sabotage of infrastructure and increased insecurity. This had a major impact on economic activity and led to a wide-scale suspension of basic public services and civil service salary payments, rapid depreciation of the currency, and shortages of imported goods. The distortions created by the bifurcation of institutions (particularly the Central Bank of Yemen) and the divergent policy decisions in Sana'a and Aden have further exacerbated the economic crisis. Around 25 percent of businesses in the country have closed since the start of the conflict, and over 51 percent have decreased in size and scaled down operations. All in all, GDP has shrunk in half in real terms since 2015.

The conflict has made Yemen one of the poorest and most food insecure countries in the world. Projections suggest that over three-quarters of the population live on less than US\$3.20 purchasing power parity (PPP) per day, compared to 45 percent in 2014. The high level of food poverty is of particular concern. The conflict has destroyed livelihoods and with that, the ability to purchase food.² It has also caused major disruptions in the food supply chain and increases in the price of imported foods, which Yemen is heavily reliant on, resulting in substantial increases in food prices—the cost of the minimum survival food basket increased by 144 percent in nominal terms between March 2015 and July 2020.³ About two-thirds of the population (over 20 million people) are food insecure (double the number in 2014), 10 million people are at risk of famine, and two million children under 5 require treatment for acute malnutrition.⁴ Acute malnutrition among pregnant or lactating women is also expected to increase slightly, from 1.12 million women to 1.14 million.⁵ The 2019 International Food Policy Research Institute Global Hunger Index ranked Yemen 116 out of 117 countries⁶, and the 2020 Global Report on Food Crises calls it the “world's worst food crisis.”⁷ Women-headed households are more at risk for food insecurity due to their limited work opportunities and reduced access to productive resources, services, and rural institutions. Women are generally excluded from economic transactions in the local markets. When food is scarce, women are the first family members to eat less as a coping mechanism, even though they continue to do hard labour (e.g. working in the fields). Most of the population also lacks access to basic services such as education, health services, water and sanitation.⁸ These deprivations are eroding Yemen's human capital: the future earnings potential of children born today in Yemen will be 63 percent lower than what it could have been with complete education and full health (World Bank 2018).

The Gender Inequality Index (GII) measures Yemen to have a GII value of 0.834⁹ versus the world's average at 0.439, indicating a significant gender gap and meaning that Yemeni women have a lower standard of living compared to men. Yemen has typically faced significant challenges with regard to women's access to education, health, productive employment and food security (World Bank 2014). While men face a higher direct burden of war through fighting and battle deaths, women are disproportionately affected by the

² It is estimated that 40 percent of Yemeni households have lost their primary source of income, and 51 percent of teachers have gone unpaid since 2016 (Yemen Socio-Economic Update, issue number 51, August 2020).

³ WB staff calculations using Food and Agriculture Organization of the United Nations (FAO) Yemen Monthly Monitoring Bulletin and World Food Programme (WFP) Yemen Market Watch Report (monthly).

⁴ WFP Yemen Situation Report #2, February 2020.

⁵ <http://www.unocha.org/yemen/crisis-overview>

⁶ <https://www.globalhungerindex.org/results.html>

⁷ FSIN (2020) 2020 Global report on Food Crises: Joint Analysis for Better Decisions. Accessed online at https://docs.wfp.org/api/documents/WFP-0000114546/download/?_ga=2.73853716.720838996.1587659542-2013531706.1571253478

⁸ Only 51 percent of health centers remain fully functional. Access to safe water has become a major challenge and the lack of proper sanitation has increased the risk of communicable diseases. About two million children are out of school, mostly girls.

⁹ [The Borgen project, 2018](#)

indirect and often lasting effects of conflict.¹⁰ The ongoing crisis is likely to have exacerbated existing gender-based deprivations and development shortfalls. For instance, women's labor force participation¹¹, employment and mobility are estimated to have distinctly reduced over the last few years (Tandon et al., 2018).). Income inequality is stark as for every dollar a man makes in Yemen , a women is estimated to make only thirty cent. The conflict has affected the availability of and accessibility to schools, which has mainly affected girls' education: 36 percent are estimated to be out of school, compared to 24 percent of boys. And pregnant and lactating women are a particularly high risk of malnutrition¹².

The COVID-19 pandemic is having a devastating effect on an already devastated economy and impoverished population. As of August 5, 2022, the COVID-19 pandemic has resulted in over 579.09 million cases and 6.40 million deaths across the Globe. The number of reported cases and deaths in Yemen are 11,877 and 2,151, respectively but the actual number of cases and deaths are likely to be much higher due to the limited testing capacity. This is straining an already stretched healthcare system, where only 50 per cent of health facilities are fully functioning, and those that continue to function lack basic equipment such as masks and gloves, oxygen and other essential supplies for the treatment of COVID-19¹³. The indirect effects of the pandemic are likely to be substantial. The pandemic is negatively affecting the Yemeni economy through the domestic restrictions on economic activity and, most significantly, through its impact on global markets, particularly through the plummeting oil prices and the weakening of the Yemeni Rial (YR). The latter is increasing the price of imported commodities, eroding the purchasing power of households and increasing operating costs for businesses. Households are being affected through reduced incomes and remittances, and particularly higher food prices. The cost of the minimum survival food basket had already increased by 48 percent since December 2021, and it will likely increase further as food imports decline, following the disruption in global food supply chains, and as the YR weakens.

II. STRATEGY

The Project builds on ECRP to deliver support to vulnerable Yemenis affected by food insecurity, conflict, COVID-19 and climate-related shocks. The project Theory of Change (illustrated in Annex 1) indicates that IF vulnerable people will have access to short-term income, conditional cash transfers, access to improved social services as well as opportunities for business recovery and increased food production; THEN the vulnerable households and communities will be able to effectively cope with the impact of the crisis and become strong drivers of the resilience building and recovery efforts. The Project will mainly target food insecure households and focus on interventions that are most effective at addressing food insecurity. In doing so, the Project will help address and avert famine and malnutrition in Yemen. Given the short-term food security needs, most of the Project funds will be used to provide Cash Transfers to vulnerable households. This includes Unconditional Cash Transfers to Social Welfare Fund (SWF) beneficiaries as well as cash top-ups and complementary services for SWF families that are most at risk of malnutrition. For vulnerable people that are able to work, the Project will engage with communities to provide temporary employment opportunities to build valuable community assets, prioritizing community projects that contribute to food security, climate resilience and anchoring gender sensitive interventions to promote gender equality and women empowerment. And in an effort to address food insecurity more sustainably, the Project will provide economic opportunities to vulnerable populations through support to Micro, Small and Medium Enterprises (MSMEs), with an emphasis on food market resilience and market-based mechanisms. Similar to the ECRP, Project interventions will incorporate COVID-19-sensitive measures.

¹⁰ 2011 World Development Report (World Bank 2010), Buvinic et al. (2012), Justino 2018.

¹¹ According to latest 2020 (WDI - modeled ILO estimates) female labor force participation (of working age women ages 15-64) is 6 percent compared to a 72 percent male participation rate (of working age men ages 15-64).

¹² According to recent reports, the number of pregnant and breastfeeding women treated with acute malnutrition doubled from 220,000 in 2016 to 410,100 in 2018 (Save the Children, May 2019).

¹³ In the context of COVID-19, potential disrupted services combined with movement restrictions and concerns surrounding access to care during an infectious outbreak could further impact access to reproductive health care.

The Project also seeks to significantly strengthen the capacity and role of national institutions in order to create a solid foundation for future social protection and local leadership. To increase impact in the medium to longer term, the AF will bundle interventions in the same area (from multiple different projects) so that immediate relief to food insecurity is also supplemented by additional inputs aimed to build on more medium-term sustainability. This will provide a more sustainable continuum of support. Finally, similar to the parent project, project interventions will incorporate COVID-19-sensitive measures.

The Project will support the role of communities and the private sector in community-driven labor intensive works and services. Supporting community resilience is critical for preserving social cohesion in the context of conflict and weakened central institutions, and support to communities will play a role in addressing its basic needs. The previous project has been supporting (and will support), community-driven labor intensive works and services. Prior to the conflict, the private sector accounted for 50 percent of GDP and provided employment for around 70 percent of the total employed population.¹⁴ The conflict has had a devastating impact on the private sector. A survey of firms conducted in 2012 and 2018 showed that 25 percent closed as a result of the conflict, more than half of the firms downsized from either small to micro enterprises (30 percent), and medium to small or large to medium (22 percent).¹⁵ Security issues, lack of demand, disruption of domestic and imported supplies, high supply costs, loan restrictions, and substantial spending on taxes and other regulatory fees have placed a heavy burden on the private sector. COVID-19 is further exacerbating the situation for the private sector. MSMEs are a key backbone for the reconstruction and development of Yemen, and provide employment opportunities to the population. The Project will support MSME's, both directly and through market mechanisms and Micro Finance Institutions (MFIs) with an emphasis on improving the domestic food market through support to smallholder producers and associated supply chains.

The project is aligned to UNDP Country Gender strategy (2022-2025), aiming to advance gender equality and women's empowerment in UNDP programmes as a cross-cutting priority. The Gender Strategy will be applied in planning and implementation of project activities for enhancing human development outcomes with the focus of gender, improving economic opportunities, and removing barriers to asset ownership through a focus on income support, productive employment and access to skill development training and supply chains. Furthermore, the gender strategy will identify the best approaches to map, mitigate and respond to GBV among the project beneficiaries while ensuring to build the capacity of the project different stakeholders.

Women's capabilities will be assessed, and they will be provided with more or longer trainings if needed to be able to improve their capacity and benefit from the temporary employment opportunities. The job opportunities provided will be gender sensitive; matching women physical capabilities and are located at an acceptable distance. To avoid any unintended effect such as violence and harassment, the project will conduct awareness campaigns to promote local acceptance of women's work and provide any required facilitation to allow women to be supervised by other women and / or escorts Male family members (the required cost will be considered). The project will also establish accountability methods for reporting cases of gender-based violence and ensure that the most vulnerable are targeted, beside that the project will ensure to not exclude women and youth who lack legal identity and will facilitate the extraction of documentation papers if needed.

The project will use its resources (such as field consultants) to integrate COVID-19 awareness and preventive measures in the training events and awareness campaigns planned for beneficiaries. Awareness raising and training events will follow precautionary measures described in workshop/training protocols, as well as

¹⁴ United Nations Office for the Coordination of Humanitarian Affairs, 2018 Humanitarian Needs Overview—Yemen (<https://reliefweb.int/report/yemen/yemen-2018-humanitarian-needs-overview-enar>).

¹⁵ Yemen - Bring Back Business Report: Impact of Conflict on Private Enterprises (World Bank 2019).

enforce and maintain adequate distancing during control, distribution, training, payment, and other project activities. These will also be conducted in locations and during times that are convenient for women. The project will work with local communities, female and male consultants, and beneficiaries to reach households with awareness and hygiene materials (such as masks, hand sanitizers and other relevant consumables) that will be developed in a way that will resonate with women and men's different roles and behaviours at home and in society.

To increase impact, **the AF will aim to bundle geo-focused interventions** and target those bundles to areas with high food insecurity and malnutrition. Through the provision of comprehensive bundles and logically sequenced, area-based interventions, implementing partners will be able to support resilience building of local economic, social (and environmental) systems that can deliver structural improvements in people's lives. Ultimately, the objective is to significantly improve food security with lasting impact through increased agricultural production, enhanced nutrition practices, support to livelihoods and relaunch of local economic activities, as well as access to basic services. This will allow graduation towards medium and longer-term development benefits.

In principle, the following operational steps may apply:¹⁶

- i) **Selection and allocation of funds across governorates.** The proposal is to focus on rural governorates (20) and prioritize districts according to severity and intensity of IPC3+ cases and maybe in combination with stunting (levels and incidence) at the governorate level, fund allocation carried out at the governorate level.
- ii) Selection/allocation of funds across districts within target governorates. The selection and allocation of funds across districts will largely be determined by the severity and intensity of IPC3+ cases. This is with the understanding that districts with (existing/ongoing) complementary Bank financed interventions will be prioritized. The selection would be carried out in this manner, while the proposed allocations will have more flexibility at the district level to be decided after the completion of field assessments given that cash for nutrition and MSMEs funding is dependant upon the number of eligible households.
- iii) Selection of sub-districts within targeted districts. The proposal is to select one rural sub-district in each target district. The sub-district would be selected based on indicators of needs (e.g., poverty index, population) and agricultural potential. The data is currently available, and UNDP will need to agree with UN agencies and partners on how to aggregate the data into a 'formula' with the purpose of selecting sub-districts. Geo-mapping will be used to identify general indicators (e.g., land use, water resources, concentration of villages) as well as relevant information on SFD's MIS such as population, poverty index, previous investments, etc.
- iv) Selection of villages within target sub-districts. Villages within a subdistrict will be selected by IPs based on agreed criteria including population, needs, agricultural potential, possibility of clustering with other villages, previous investments. Sub-district Committees to be established at sub-district level based on the methodology on VCCs, will develop sub-district investment plans and coordinate bundling priorities within agreed criteria and limits according to specific guidelines and governance to be set by the technical working group (UNDP, WB and IPs). A subdistrict committee will be formed from the Village Cooperative Councils (VCCs) to ensure a bottom-up participatory approach. The IPs, particularly SFD's experience with these councils has proven effective in developing local capacity.

Composition of bundles at selected village/cluster of villages. The composition of bundles for each selected village or group of villages is mainly determined at the district level given that: (i) funding for the various interventions to be bundled varies; and (ii) one sub-district is being selected per district based on needs and agricultural potential. Therefore, only districts with the worst severity and intensity of IPC3+ cases will receive cash for nutrition in the bundles. Target communities will benefit from one of the following four types of bundles, which will be enriched with interventions supported by the AFs to the Food Security (FS) and Human Capital (HC) Projects: 1) Cash for nutrition (CfN), cash for work (CfW)/community assets (CA),

¹⁶ These operational steps are still subject to internal discussion and collective agreements with the World Bank.

VSLAs, support to food production/distribution; 2) CFN, CFW/CA, VSLA, YLG; 3) Support to Food (SMEPs), CFW/CA, VSLA, YLG; 4) CfW/CA, support to food production/distribution, VSLAs. The proposal for the operationalization of geo-focused bundles is meant to apply to all new Bank projects addressing food security and malnutrition, including the AFs for the FS and HC projects, which are yet to be approved. This means that such AFs will in principle cover the same geographic areas as the approved AF but could cover more. By the same token, ideally, other non-Bank sources of funding/projects would be also be considered for bundling, such as FCDO's support to SFD for CfN and CfW

III. RESULTS AND PARTNERSHIPS

Expected Results

The overall goal is to contribute to a development change which results in enabling Yemeni households and communities with improved livelihoods and access to inclusive productive services to effectively cope with the impact of the crisis and to (re)build their resilience. At the same time, the project will strengthen confidence in and preserve and build the institutional capacities of national responsible parties to deliver essential social protection program and services to citizens.

The project development objective is to provide cash transfers, temporary employment, and increased access to basic services and economic opportunities to food-insecure populations affected by COVID-19, the conflict and climate-related shocks, as well as to strengthen the capacity of national institutions. To achieve this, the project aims to achieve **geo-focused bundles to reduce food insecurity and malnutrition** through achieving the following four outputs and related activities:

Output 1: Provide cash assistance and much-needed services for vulnerable households that are most at risk of malnutrition (Cash Nutrition).

This sub-component will be implemented through SFD. This sub-component will be implemented through SFD. This Cash for Nutrition (CfN) subcomponent will finance cash transfers (CTs) and complementary health and nutrition services to eligible households (including Social Welfare Fund households - SWF) that have pregnant/lactating women and or children under five. The sub-component will provide CTs to 38,500 beneficiary households (mothers are the recipients) for 6 months, whereas any cases identified with malnutrition will continue to receive benefits for 12 months¹⁷. The project will employ and train 1,400 women as community health worker to deliver nutrition and health education sessions for mothers¹⁸ as well as home visits to monitor children and refer malnutrition cases to health services. This subcomponent will be complemented by the other World Bank funds including the Food Security Resilience Response Project (FSRRP) and parallel support to the CfN provided by FCDO. The sub-component will finance CTs, cash for services, trainings, consultant services, Bank fees and SFD operating costs. The selection criteria, the implementation modalities and operational details of this output will follow the Project Operations Manual (POM) that will be update to incorporate the AF. This subcomponent will be complemented by the other World Bank funds including the Food Security Resilience Response Project (FSRRP) and parallel support to the CfN provided by FCDO. The sub-component will finance CTs, cash for services, trainings, consultant services, Bank fees and SFD operating costs. The selection criteria, the implementation modalities and operational details of this output will follow the Project Operations Manual (POM) that will be update to incorporate the AF.

¹⁷ The duration of CT assistance was reduced from 12 to 6 months to support a larger number of eligible women, however the cases of malnutrition of these CFN beneficiaries will continue to receive CTs for the original duration of 12 months. In addition, the geo-bundling approach under AF would make it possible for all CfN beneficiaries to benefit directly or indirectly from other activities including CfW, community assets or access to finance in their communities.

¹⁸ The nutrition and health education sessions will be accessible to all mothers with children, not only beneficiaries of CTs, and will include awareness messages to prevent the spread of COVID-19.

Output 2: Create employment opportunities for vulnerable populations, improve productivity, strengthen social cohesion, and respond to the anticipated effects of climate change (Cash for Work)

This sub-component will finance labour-intensive community subprojects. It will continue to finance the cash for work (CfW) program implemented by UNDP through SFD under the project, which provides temporary employment opportunities to vulnerable populations from the selected communities (around 30% of the targeted groups are women) to build valuable community assets, focusing on subprojects that contribute directly or indirectly to reducing food insecurity and malnutrition: (i) restoration and irrigation of agricultural land; (ii) access to water and sanitation;¹⁹ and (iii) and access to markets (e.g. road rehabilitation). Community subprojects must be labour-intensive (i.e., with wage intensity of at least 50 percent of the total cost) and subprojects are identified and implemented by the selected communities and have a gender sensitive focus.²⁰ Community workers will be selected based on self-targeting and will be paid slightly below the prevailing market wage (to ensure that the neediest workers apply).²¹ This sub-component is expected to provide temporary employment opportunities to 38,000 people and to build community assets benefiting 220,000 people. Many of these activities can be performed by women, the project would seek to support employment generation activities targeting women such as painting planting and irrigating trees on sites as well as performing engineering and consultancy activities.

Geo-spatial mapping will be used to strengthen the transparency of monitoring and evaluation (M&E), environment and social monitoring, and beneficiary engagement. Payments to beneficiaries will be delivered through contracted banks for a fee. This subcomponent will finance the provision of labor and non-labor costs (e.g., construction materials) of sub-projects; financial intermediary fees; and SFD's operating costs.

Output 3: Build valuable socio-economic assets for local communities that help improve access to key services and small infrastructure

The sub-component will finance community assets. It will continue to be implemented by UNDP through PWP. It will finance community-identified subprojects to build community assets that contribute directly or indirectly to reducing food insecurity and malnutrition. These subprojects are implemented by private contractors as they are more complex than CfW subprojects. Due to their higher complexity, PWP subprojects are also less labour-intensive (35 percent) and can employ workers from outside the community (up to 50 percent). This sub-component is expected to build community assets that benefit 291,330 people (including approximately 50% female) and provide temporary employment opportunities to about 25,173 people. It will finance the costs of small-scale infrastructure through private contractors and PWP's operating costs. The infrastructure investments will be determined during the consultations with the select female and male community representatives and based on priority needs identified during periodic needs assessments.

The support to labour-intensive works implemented through PWP has been crucial for providing communities' access to basic infrastructure while preserving the capacity of key national institutions throughout the conflict, and together with SFD's CfW program, has been able to benefit 300 districts (out of

¹⁹ Women are the primary beneficiaries of the water harvesting schemes as these reduce time and effort in fetching water, a responsibility that normally falls on women and girls.

²⁰ Over sixty percent of women contribute to agricultural labor although they face many constraints, including limited access to land, finance, markets, livelihood activities, and information about economic opportunities (FAO, 2018).

²¹ The duration of employment will depend on the nature of the subproject. Household receipts from CfW will be capped for a total benefit of US\$500 in wages for the entire duration of the subproject regardless of the number of participating workers from the household.

333) in the country. In addition, gender will be mainstreamed during the identification of community priorities, and the community engagement approach will strengthen identifying and including vulnerable groups in the designing process and the labour force recruited during the execution of sub-projects. The conflict sensitivity framework has been developed under the Yemen Emergency Crisis Response Project (ECRP) will be applied, to indicate local tensions and shifts in conflict dynamics to inform potential adaptation needs and interventions to strengthen local resolution mechanisms.

Output 4: - Economic opportunities and food market resilience

This subcomponent will support Small and Micro Enterprises (SMEs) that contribute to inclusive local food security and improved nutrition in selected geographic areas. Under the AF, this subcomponent will (a) help create new micro enterprises and provide support to existing SMEs, cooperatives and associations involved in the production, storage, and distribution of food, as well as in nutrition- and health-related services; (b) increase partial portfolio guarantees for MFIs to support Micro, Small and Medium Enterprises' (MSME) ability to finance productive investments in target sectors; and (c) support financial inclusion through savings groups in the most vulnerable communities in rural areas where no MFIs are yet present.

The activities will continue to be implemented through SFD and its subsidiaries (SMED, YLG) and SMEPS. The subcomponent will finance grants, technical assistance, consulting services, and operating costs of YLG, SMED, and SMEPS. This sub-component adopts a market systems development approach that is fit to the realities of Yemen to strengthen value chains in the target sectors. Support to SMEs under this subcomponent makes use of, and reinforces, market-based mechanisms in order to ensure long-term sustainability. As such, the proposed activities participate to the same ecosystem of support and complement and feed into each other, into a continuum of support approach and geographic bundle of interventions. **The SMEs will also derive climate co-benefits from the activities.** For activity (a), the SMEs accessing finance through MFIs (through the portfolio guarantees) will invest a share of loans into the provision of solar energy²², as electricity is one of the major constraints faced by Yemeni firms to carry out their productive activities, and the targeted MFI will be provided with IT equipment to reduce their operating expenses given the absence of public electricity and the high cost of private suppliers. For activity (b), the targeted SMEs involved in food production are likely to reduce their water consumption by 42 percent²³, and their fuel consumption by 70 percent as a result of the technical assistance and new production inputs from the project support. This subcomponent will thus help mitigate the environmental footprint of targeted SMEs.

The economic opportunities and food market resilience output will finance support to MSMEs. It will build on the SME Revitalization and Employment Generation sub-component under ECRP implemented by SFD through its Small and Micro Enterprise Development Unit (SMED) and subsidiary organizations: The Small and Micro Enterprise Promotion Services (SMEPS); the Yemen Loan Guarantee Program (YLG) and SFD's Small and Micro Enterprise Development Unit (SMED) through Subsidiary Agreements between SFD and these institutions. The main objective is to provide more sustainable economic opportunities to vulnerable populations by supporting MSMEs affected by conflict or the COVID-19 crisis, focusing on economic activities that strengthen the domestic food market, thus contributing to improving food security.

The implementation of the output will adapt to the wider approach of markets systems development in conflict and fragile environments aiming at strengthening value chains through enabling access to finance, creating markets, and strengthening market linkages. Support to MSMEs under the project will thus - more than ECRP - rely on and reinforce market-based mechanisms in order to ensure long-term sustainability. The support will include: (i) indirect support to MSMEs by increasing MFIs ability to lend, and (ii) direct technical and financial support to MSME's producing or facilitating the distribution of food to the market, while strengthening the ability of business associations in target sectors to sustain their impact through public-private dialogue. Under the AF, this subcomponent will (a) help create new micro-enterprises and provide support to existing SMEs, cooperatives and associations involved in the production, storage, and distribution of food, as well as in nutrition- and health-related services; (b) increase partial portfolio guarantees for MFIs to support Micro, Small and Medium Enterprises' (MSME) ability to finance productive investments in target sectors; and (c) support financial inclusion through savings groups in the most vulnerable communities in rural areas where no MFIs are yet present. It will continue to be implemented through SFD and its subsidiaries (SMED, YLG) and SMEPS. The output will finance grants, technical assistance, consulting services, and operating costs of YLG, SMED, and SMEPS. This sub-component adopts a market systems development approach that is fit to the realities of Yemen to strengthen value chains in the target sectors. Support to SMEs under this subcomponent makes use of, and reinforces, market-based mechanisms to ensure long-term sustainability. Additional support under the subcomponent will include:

Subcomponent 4.1: Fostering new SMEs and providing support to existing SMEs, cooperatives and associations involved in the production, storage, and distribution of food, as well as in nutrition- and health-related services

Technical assistance and grants to MSMEs affected by conflict or the COVID-19 crisis that either produce food (in horticulture, livestock and fisheries sectors)²⁴ or facilitate food distribution to the market (e.g. providers of cold storage, transportation and logistics), targeting districts with high incidence of malnutrition (US\$4.4 million); and support to business associations in the target sectors directly and through the Yemen Private Sector Cluster (US\$0.4 million) to help them sustain support and services to SME's and conduct public-private dialogue to coordinate sector growth. The objective of the intervention is to restore the ability of the target SME's to grow and distribute food, generate income, and create wage employment, while increasing the supply and access to basic food commodities in the targeted communities. This activity will be implemented by SMEPS.²⁵ Preset criteria for the selection of the SME beneficiaries and business associations will be detailed in the POM.

The MSMEs will also derive climate co-benefits from the activities. For activity a)- *Increased access to finance for MSMEs*, the MSMEs accessing finance through MFIs through the portfolio guarantees will invest a share of loans into provision of solar energy, as electricity is one of the major constraints faced by Yemeni firms to carry on their productive activities, and the targeted MFI will be provided with IT equipment to reduce their operating expenses given the absence of public electricity and the high cost of private suppliers. For activity b) *Direct support to MSMEs and business intermediaries in critical sectors*, the targeted MSMEs involved in food production are likely to reduce their water consumption by 42 percent, and their fuel consumption by 70 percent from baseline data²⁶ as a result to the technical assistance and new production inputs deriving from the project support. This subcomponent will thus help mitigate the environmental footprint of targeted MSMEs.

²⁴ Farmers and livestock breeders can also be supported, although those are already supported by other Bank projects.

²⁵ 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. Targeting of fishermen and livestock producers will also prioritize areas with high concentration of fishermen and livestock producers, presence of effective associations, access to local markets, areas impacted by conflict/crisis, and pre-set criteria including the size of the operations, and ability to further employ workers.

²⁶ These percentages are based on the results obtained by SMEPS over similar activities in the ECRP project, based on data collected from 3,376 beneficiaries having received technical assistance on a) sustainable productivity and b) financing for upgrading production means.

The additional activities under the AF include: (i) entrepreneurship training and support scheme to create 500 new revenue-generating activities in target sectors²⁷ among the most vulnerable populations (US\$3 million); (ii) providing technical assistance and grants to 700 COVID-19/conflict-affected SMEs and 10 cooperatives in target sectors in selected geographical areas (US\$3.5 million),^{28,29} (iii) supporting coordination in the target sectors through the Yemen Private Sector Cluster (US\$0.5 million); and (iv) 20 additional business associations. The supported MSMEs are expected to generate 4,800 new seasonal and permanent wage employment. At least 35 percent of MSE's will be owned or run by women.

Sub-component 4.2: Indirect support to enhance SMEs' access to finance by increasing Micro-Finance Institutions' (MFIs) ability to lend

By enabling selected MFIs to access commercial financing, expand and diversify their portfolio through a partial portfolio guarantee scheme implemented by, and through the YLG (US\$1.8 million)³⁰; and by enhancing the capacity of MFIs to reach MSMEs and food market actors in rural areas through IT enhancements and Village Saving and Loans Associations (US\$0.4 million). The capitalization of the loan guarantee program implemented by YLG will enable MFIs to guarantee their new portfolio of loans disbursed during the project period and consolidate their ability to lend to new MSMEs as well as sustain their existing lending portfolio.

The capacity building activities (implemented by SMED) will enable MFIs to gain wider market access and to reach MSMEs more efficiently and most vulnerable populations around food marketplaces. Portfolio guarantees will cover a variety of loans including those that serve a harmonized target group i.e. agriculture sector and food security value chains with similar eligibility criteria and risk parameters, which will be detailed in the POM.

Building on YLG's MFI partial portfolio guarantee scheme under the parent project, the AF will increase the capitalized amount from US\$2 million to US\$4 million to offset the increase in prices of goods and services. YLG will deploy the portfolio guarantees with MFIs in order to continue guaranteeing a total of 3,024 loans for SMEs involved in the production, processing, distribution or supply-chain support to food- and nutrition-related markets. In addition, an enhanced eligibility and selection criteria will be outlined in the Project Operations Manual (POM) based on the 'continuum of support' approach and geo-focused bundles of interventions and MFIs' ability to reach and service MSMEs in the targeted sectors. Other inclusion criteria will also ensure upgrading the scheme to cover up to five MFIs.

²³ Target sectors include the production and processing of food (including in horticulture, livestock, poultry, and fisheries subsectors), the facilitation of food distribution (e.g., transport and logistics service providers and other value-addition activities), and the treatment and prevention of malnutrition (nutrition and health-related services).

²⁸ 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. Targeting of fishermen and livestock producers will also prioritize areas with high concentration of fishermen and livestock producers, presence of effective associations, access to local markets, areas impacted by conflict/crisis, and pre-set criteria including the size of the operations, and ability to further employ workers. Selected famers and livestock breeders can also be supported, to the extent that those are not already supported by other Bank projects (e.g., the Yemen Food Security Response and Resilience Project (FSRRP, P176129) or its Additional Financing).

²⁹ members multiplied by 500 new Village Saving and Loan Associations.

³⁰ This includes US\$2 million for capitalizing the guarantee fund of YLG and US\$100,000 for technical assistance and training for YLG related to the activity. Based on existing YLG models and given that the portfolio guarantee covers 70% of 10% of the loans' portfolio of qualifying MFIs, it is expected that a US\$2 million guarantee by the YLG would enable qualifying MFIs to loan about US\$2811.6.5 million of financing to SMEs overtime in the project period. This mechanism is more sustainable than the direct grants given to MFIs under ECRP, especially given the liquidity currently available in the banking system, which could be tapped into by guaranteed MFIs in search of further capitalization utilizing YLG portfolio model.

Sub-component 4.3: Fostering financial inclusion in the most vulnerable rural communities

The project will continue to finance the establishment and provision of capacity building for an additional 500 self-managed and self-capitalized Village Saving and Loan Associations comprised of community members, whereby members utilize their savings to lend to each other. This activity will help unlock financial resources for entrepreneurs and facilitate access to credit in underserved and out-of-reach rural communities where MFIs are not operating. The activity will be complemented by financial education in local communities. These activities will serve an additional 15,000 beneficiaries³⁰ and lead to the local self-financing of 2,000 new/existing SMEs in the most vulnerable communities and supporting 4,800 new permanent or seasonal wage employments.

Output 5: Oversight, reporting and quality assurance of project ensured

UNDP has in place a dedicated project team for oversight and quality assurance to ensure timely delivery and completion of activities and results in line with the approved project appraisal document and subsequent project papers, financing agreements and Annual Work Plans, budgets, and the project environmental and social safeguard instruments. The project team will also ensure the application of project approaches in the conflict and political context and that all risk mitigation measures are in place to create a maximum enabling environment for implementation of the activities. The project team will adhere to the monitoring and reporting requirements³¹ as per the project document to ensure full transparency and compliance with fiduciary responsibilities outlined under the FMFA with the World Bank. This includes third-party monitoring, evaluation and audits. The project applies the environmental and social safeguards including gender quality and conflict sensitivity. This includes third party monitoring, evaluation, and audits. This support will finance a third-party monitoring (TPM) mechanism and the establishment and maintenance of a Grievance Redress Mechanism (GRM). The project will apply Gender-sensitive monitoring and evaluation to reveal whether a programme addresses the different priorities and needs of women and men, to assess if it has an impact on gender relations, and to determine the gender aspects that need to be integrated into monitoring and evaluation systems. The TPM will collect both qualitative and quantitative data that measure the impact on gender relations and will collect and present all data in a sex-disaggregated manner. The established GRM will ensure to process GBV and women cases in confidential manner and with high priority. The project team has a dedicated gender capacity to confirm that gender is mainstreamed throughout the project life cycle and that any gender gaps and/ or success are highlighted.

The UNDP Country Office will provide oversight and quality assurance of the project team and ensure institutional level coordination with the World Bank, the Government of Yemen, UN system, local authorities, international partners and other relevant stakeholders with the view to enable coherence and collaboration of the project with broader initiatives. The UNDP Country Office will also provide operational support services in relation to the Project that includes finance, procurement (contracting)³², administration, human resources, ICT and security risk management. UNDP Headquarters will provide corporate oversight and management support including finance, human resources, audit and investigations.

Resources Required to Achieve the Expected Results

The World Bank approved the total amount of US\$169.4 million for the implementation of all the activities under ESPECRP project to provide support and protection to Yemeni households whose food security is compromised by conflict, COVID-19 and other climate-related shocks. This fund will build on the partnerships, capacities, and lessons learned of the ECRP project. As part of the ongoing ECRP, UNDP, SFD and PWP have established an environmental and social (E&S) management system with adequate policy,

31 Project Progress Report and TPM Reports covering a period of six calendar months, and a detailed annual Project Report, shall be provided no later than forty-five (45) days after the end of the period covered by the reports.

32 Done in accordance with the Procurement Plan of the project

procedures, capacity and resources, focusing on OHS, social and environmental aspects. Under ESPECRP, SFD, PWP and SMEPs will implement capacity building programs which were initiated under the ECRP, targeting different groups and identified areas, including capacity building of senior managers and officials of implementation and monitoring agencies on ESMF and OHS Framework as well as capacity building program for project managers, supervisors, consultants and contractors on OHS, gender, GBV tools and their application in field. UNDP has committed resources for the implementation of the project and will ensure dedicated management capacity in the Country Office to provide the required oversight and quality assurance.

Partnerships

The project will be implemented by UNDP through the Direct Implementation Modality (DIM). UNDP will also engage three responsible parties SFD, PWP and SMEPs. The project will cover all the 22 governorates of Yemen to maintain political neutrality and will target high priority districts within each governorate based on the same targeting and fund distribution methodology (namely the distress index) followed under ECRP. UNDP will collaborate with other UN Agencies in Yemen through participating in the clusters. Close collaboration with the World Bank and RPs will continue bi-monthly through review meetings.

Risks and Assumptions

Political Risks: The political crisis and protracted conflict in Yemen is still far from being resolved and has continued to cause inaccessibility to some sites and delays in delivery in many others. SFD and PWP are national institutions and programmes with a governing board chaired by the Government of Yemen. The risks of being impacted by the political fragmentation induced by the war is mitigated by their managerial independence stated in their respective laws. The UN works within complex dynamics reflecting competing interests of political actors and member states, limitations of responding to the scale of needs, a society under pressure and trauma, and security and access constraints. The UN maintains its operational integrity through adherence to principles of impartiality, human rights and inclusive humanitarian/civilian assistance and engages stakeholders clearly communicating these principles. UNDP coordinates with the Office of the Special Envoy to the Secretary-General and is a member of the Humanitarian Country Team and UN Country Team to collectively address political risks.

Besides, the de facto authority in the North has imposed more restrictions and demanding requirements to the movement of TPM or monitoring teams from UNDP and RPs to visit implementation in several sites particularly in most of the Northern districts. UNDP and the RPs mitigated such restrictions through emphasizing the neutrality and importance of the project and the need for facilitation of oversight to ensure accountability to all stakeholders, as well as by coordinating with other clusters for collective pressure against any arbitrary requirements. The participatory approach of the project which engages local authorities and different groups at local communities helped much in facilitating implementation and solving such restrictions and accessibility issues, too. However, the challenge is ongoing as the demands continue to change with the changes in the authorities, which entails more efforts and time on the part of the project partners to monitor closely and cope up accordingly.

Operational Risks: potential disruption in UNDP's business processes and project implementation. UNDP has developed a Business Continuity Plan which ensures that the critical office functions can be performed from other locations if necessary. Outside Sana'a, UNDP has staff presence in Aden, Ibb (also covering Taizz), Hodeidah, and Sa'ada to interact with sub-offices of SFD and monitor field activities, UNDP also relies on a contracted Third-Party Monitoring Agent to perform complementary monitoring of the project. The Responsible Parties (SFD, PWP and SMEPs) have business continuity plans in place.

Financial/fiduciary Risks: The financial and fiduciary risks are defined by a number of factors, including hyper-inflation, fraud, and cash advance management. To avoid exchange rate losses and other negative effects of working in the national currency, UNDP will transfer advances in US dollars to RPs. UNDP's anti-

fraud policy, the annual audits, regular spot-checking by UNDP staff, and the Third-Party Monitoring Agent are oversight measures over and above RPs' internal procedures to mitigate the risk of fraud, misappropriation and diversion of funds. The Harmonised Approach to Cash Transfers (HACT) capacity assessment results will be used in strengthening the financial management capacities of the responsible parties. RPs will submit quarterly work plans with realistic budgets (cash forecasts) to UNDP to ensure that cash advances are cleared on a regular basis.

Programmatic Risks: The programmatic risks for RPs are associated with access and targeting due to security or conflict-related obstacles, although mitigated by their widespread network. UNDP level risks are associated with UNDP's potential inability to verify results on the ground in a timely manner, potential inability to recruit staff in a timely fashion to support Project implementation, and potential inability (or significant delays) to meet delivery expectation/targets. UNDP will closely review the quarterly expenditure reports of the responsible parties to monitor financial delivery of the project. UNDP has developed a Conflict Sensitive Framework to mitigate risks and contribute to social cohesion. Moreover, the project might face gender related challenges in attracting women to participate in the CFW activities, due to the lack of community's acceptance to women work in the field. UNDP will rely on its partners' current experience in promoting for gender equality and women's empowerment in sustainable development, utilizing men leaders and influences and using cultural appropriate approach. The project will engage women in cultural appropriate opportunities, to guarantee do no harm approach and effective of the established GRM to report any violence or abuse confidentially.

Security Risks: crime, air strikes, landmines and UXO, terrorist attacks, and ground combat, arbitrary arrests and detentions. UNDP mitigates these risks through close collaboration and coordination with the UN Department for Safety and Security, including the de-confliction protocols and strict adherence to UN security procedures. Staff training on conflict-sensitive communications and risk management will continue. A Third-Party Monitoring Agent will conduct the monitoring of the implementation of the project in hard-to-reach areas. The Security Management Plan (SMP) was developed under the parent project to consistent with the requirements of ESS4, the SMP will be updated if required for additional funding

Reputational Risks: In view of the scale and importance, the project also carries a reputational risk for UNDP as well as SFD, PWP and SMEPs. It may be subject to politically motivated defamation and it may be perceived as partial and biased vis-à-vis one or more parties to the conflict. UNDP's reputation as a reliable partner may be affected by issues arising from the project. To mitigate these risks, UNDP has put in place a communication strategy, continues to strengthen Project oversight and quality assurance with documentation of issues, and works very closely with the responsible parties. Grievances from beneficiaries and stakeholders will be channelled through mechanisms established.

Environmental: Although environmental risks and impacts are expected to be site-specific, reversible and generally of low magnitude that can be mitigated following appropriate measures; nonetheless and based on the implementation experience of the ongoing ECRP project, and identification of significant Environmental and Occupational Health and Safety (OHS) gaps, there is a significant risk for fatal incidents or serious injuries to occur under the Project, particularly under the labour intensive community subprojects of Component 2. This is anticipated as the Project will provide temporary work opportunities to a large number of local community members who are unskilled, largely illiterate, and with little or no knowledge or experience in applying OHS measures. Furthermore, there is a risk of COVID-19 transmission among community workers if worksites are not managed appropriately.

The Project will apply the Environment and Social Framework (ESF) of the World Bank. UNDP will update Environment and Social Management Framework (ESMF) for the project. The WB and UNDP and RPs will review and apply the Environmental and Social Management Framework (ESMF) of the ESPECRP. UNDP and

the RPs (SFD, PWP) will screen each subproject against the anticipated Environmental and Social risks and impacts to develop the Environmental and Social Management Plans (ESMPs) and/or other safeguard instruments, as stated in the project's ESCP and ESMF documents, to manage the subprojects risks to acceptable level and in a manner acceptable to the WB ESF.

The ESMF will (i) identify potential environmental impacts of ESPECRP interventions, (ii) assess potential environmental and social impacts, and (iii) mitigate risks and impacts appropriately, including OHS risks. Furthermore, subprojects – including those that might be supported by the Contingency Emergency Response Component (CERC) – will be screened against environmental and social criteria that will be included in the ESMF, and subsequent site-specific environmental assessment instruments will be prepared - if needed- during the implementation phase and before the commencement of any physical activities. The project under Subcomponents 2.1 and 2.2 will also support COVID-19-sensitive measures such as: community awareness, social distancing at the workplace, and the provision of hygienic kits at the workplace (e.g. hand-washing stations).

As part of the ongoing ECRP, UNDP and RPs have established an environmental and social (E&S) management system with adequate policy, procedures, capacity and resources, focusing on OHS. Under ESPECRP, the responsible parties will implement capacity building programs which were initiated under the ECRP targeting different groups and identified areas, including capacity building of senior managers and officials of implementation and monitoring agencies on ESMF and OHS Framework as well as capacity building program for project managers, supervisors, consultants and contractors on OHS tools and their application in field. UNDP already established and maintained a team with qualified staff and resources, with composition, mandate and resources satisfactory to the WB under the parent project, to support management of E&S risks, including International Environmental and Social Specialist (IESS), National Environmental and Social Safeguards Officer (ESSO), Occupational Health and Safety Officer (OHSO), and Gender & Social Safeguard Officer (GSSO).

Social (including safeguards)

The project is expected to have numerous social benefits for the target communities and vulnerable population including the cash transfer, temporary employment and economic opportunities to mitigate the impacts of COVID-19. The type of interventions under this project are not expected to require physical or economic displacement. Nonetheless, there might be a potential need of land for community infrastructure development under the community asset component. Given the rehabilitation nature and scale of the investments, the possible land needs would be minimal and are expected to be met through community contributions, which is a common practice in the local area and was also accepted under the ECRP. As a precautionary measure, the Project will prepare a Resettlement Framework (RF) to guide and manage possible land contribution practices. This RF will be included in the ESMF.

Potential social impacts that could occur under component 2 are related to the CfW activities and the rehabilitation of the community assets interventions such as loss of assets, labor influx as 50 percent of the labour are from outside the target communities by private contractors, and community health and safety such as injuries. There are several social risks that may occur during of the Project implementation stage such as: (i) mistreatment, quality of services and suspected fraud under unconditional cash transfer sub-component; (ii) exclusion of malnutrition cases due to risks due to the security situation as well as outreach or mis-survey by the contracted payment agents; (iii) elite capture of investments by powerful and/or better-connected beneficiaries thus excluding some segments of society (disadvantaged and marginalized groups) under the CfW and community assets interventions; and (iv) potential of excluding small food producers and fisheries with high incidence of malnutrition from economic opportunity support. Based on the above expected project risks and impacts, the social rating is rated as substantial.

Gender and Gender Based Violence (GBV)

The Project will ensure that gender sensitive interventions are mainstreamed across all project components creating pathways for employment and participation in society and playing a key role in building resilience to shocks, improving livelihoods and mitigating social constraints. This is relevant in the current country context as empowering women's full productive potential can yield enormous dividends in reducing GBV, gender gaps in education, employment and access to services. These continued investments are integral to strengthening the human capital base in Yemen, rebuilding the social fabric and laying the foundation of a more inclusive society. A GBV assessment will be undertaken for the Project prior to implementation to have a sense of potential GBV, Sexual Exploitation and Abuse (SEA)/SH. The assessment will be conducted to cover activities under components 1 and 2 since there will be interaction between male workers with female beneficiaries and laborers provided by contractors. The gender and GBV/SEA action plan will be updated to this project.

Grievance Redress Mechanism

UNDP with its updated Stakeholder Response Mechanism (SRM)/ Social and Environmental Standards (SES) will enhance the GRM and MIS practices developed under the ECRP. SFD, PWP and SMEPs also can utilize their GRM systems to register complaints received and report to UNDP. UNDP and RPs will require GRM signboards, including information on the hotline and WhatsApp number, at subproject sites. They will also support additional tools (including technological solutions) and raise awareness for communities to take a more active role in the monitoring of subprojects, including compliance with safeguards. There will be a clear mechanism between UNDP and RPs for reporting timeline and distribution of responsibilities to have better control and management of complaints. Immediate actions and reporting should be implemented by UNDP and RPs for cases related GBV, SEA/SH and/or serious incidents or injuries including cases related to COVID-19. The Project will utilize an enhanced integrated GRM system building on the experience and systems developed under the ECRP including utilizing a wide variety of communication methods for soliciting grievances, including complaint boxes, toll-free phone calls, SMS, WhatsApp, Telegram, Fax, Online Forms, emails, letters, in-person visits to head offices or branch offices or through face-to-face interactions with project staff.

Developing the local partners' GRM systems strengthens accountability, operations oversight, citizen engagement, and learning. UNDP will work with the IPs to assess the effectiveness of existing GRMs and work to address capacity, accessibility, transparency, gaps, etc. In addition to continuing these methods, UNDP will enhance the GRM system by operating a TPM call centre facility which will run outbound calls to the complainants list to verify that all complaints were handled and closed properly or not. Recording of calls will automatically be stored in the call centre server for quality control; interactive voice response and logging for calls received after work hours. Confidentiality and anonymity will be maintained. The call centre will forward the recorded calls and messages to the GRM agents under TPM to process and transmit the calls and messages to the focal points of UNDP and IPs by using a web-based system. Monthly and quarterly reports will be generated automatically by the GRM system with a summary report of opened/processed complaints, focusing on the overall performance of the GRM. A tracking function will be activated for the unsettled complaints that are still open for 14 days without any processing from UNDP and IPs. The responsible TPM focal point will immediately notify UNDP and IPs via email and phone calls about any serious complaint. UNDP will also dedicate a mobile number, SMS/WhatsApp messages for beneficiaries who might be dissatisfied with the resolution of the IPs and need to escalate to higher level. IPs will apply an appropriate mechanism to ensure that these dissatisfied complainants are informed of UNDP's GRM channels should they want to escalate. The GRM system dashboard will be updated regularly with the latest progress status of complaints.

Stakeholder Engagement

UNDP, SFD, SMEPS and PWP will engage with all the affected parties during the planning and implementation of the project activities and share the project information with them in accordance with the project SEP, WB ESF and UNDP's SESs and based on the outcomes of the stakeholder engagement consultations. Extensive awareness raising programmes will be implemented in the sub-projects locations, to ensure that the communities are aware of the project activities, participate fully, and benefit from the various support mechanism. The prioritization of communities will follow the geo-bundling approach summarized under the strategy part above, and the selection of interventions and beneficiaries will follow the approaches detailed in the Project Operations Manual (POM).

Knowledge Management

To ensure regular and 'on-message' public visibility for ESPECRP, a communication and visibility plan will be developed to advocate for this partnership and provide a set of proposed communication products, specific media pieces, and advocacy asks. This plan will utilize UNDP's, World Bank's, and RPs' online platforms to share human interest/impact stories, articles, exposure stories, blogs, op-eds, press releases, Facebook/Twitter posts, video stories, factsheets, visual presentations, etc. Additionally, forward looking products and evidence-based studies such as policy briefs and impact reports will also be developed to capture high impact of the project.

Sustainability and Scaling Up

Both SFD and PWP are well-established and credible national institutions that have delivered community development in Yemen for two decades. By helping to reactivate its operations during the parent and AF phases, the ECRP has contributed to the preservation and sustainability of its implementation capacity of much needed service delivery programmes. SMEPS has also brought to the table specific inputs, expertise, capacities, and resources that were necessary elements for success, and which together resulted in higher impact on the support to SMEs and agricultural production. The nationwide coverage of RPs (SFD, PWP and SMEPs) will enable scale-up and its wide network of non-state partners like CBOs, NGOs and private sector (e.g. contractors and small and micro enterprises) will also extend the outreach. At the community level, the project is expected to pave a way to a more inclusive future in Yemen by actively seeking to build social cohesion, empower communities and foster a role for non-state actors. The RPs have strong partnership and donor support which will increase as the conflict winds down.

IV. PROJECT MANAGEMENT

The project will be implemented by UNDP through the Direct Implementation Modality (DIM). UNDP will also engage three responsible parties SFD, PWP and SMEPs. The project will cover all the 22 governorates of Yemen to maintain political neutrality and will target high priority districts within each governorate based on the same targeting and fund distribution methodology (namely the distress index) followed under ECRP.

SFD, PWP and SMEPS as Responsible Parties will deliver the agreed outputs on the basis of a written Letter of Agreement (LoA) with UNDP. The Responsible Party is directly accountable to UNDP in accordance with the terms of their LoA. In line with UNDP's Financial regulations and rules, SFD, SMEPs and PWP must open dedicated project accounts in US Dollars with commercial banks for the purposes of bank reconciliation and audit. The bank accounts will only be under the control of the responsible parties which will have the sole custody and access to resources and signing authority.

As done in ECRP and ESPECRP PF, due to the continuity of political divisions in Yemen and in order to facilitate decision making and expedite implementation, all new project activities related under this project will be approved by the internal steering committees and not the project boards of both institutions.

UNDP will reinforce the project management systems and capacities established under ECRP, with strengthened operational risk management and project approaches sensitive to the conflict and political environment in Yemen. A Conflict Sensitivity Framework has been developed under ECRP and will inform and strengthen the conflict sensitivity approach under ESPECRP.

UNDP will closely coordinate with the World Bank to provide needed information and to enable smooth and speedy financial and operational transactions to facilitate timely implementation at the level of the responsible parties. UNDP will maintain regular interactions with RPs with UNDP staff presence in Sana'a, Hodeidah, Aden, and Marib for monitoring, quality assurance and as needed, management of complaints and grievances, as per agreed Grievance Redress Mechanism (GRM) under the project.³³ The project will also look for further value-adding opportunities through ensuring internal synergies with other projects under the different program units of UNDP including the "Strengthening Institutional and Economic Resilience in Yemen" and the "Enhancing Rural Resilience and Recovery in Yemen" projects.

TPM will also feed into UNDP's monitoring work. UNDP will prepare bi-annual narrative reports and end of project reports consolidating inputs from the Responsible Parties as well as to convene project board meetings and undertake audits and evaluations³⁴. Interim unaudited financial reports shall be prepared and submitted to the donor quarterly, no later than forty-five (45) days after the end of the period covered by the report.

UNDP will coordinate with the Government of Yemen, relevant authorities at the sub-regional level for technical consultations, international partners and UN agencies to enable a conducive and coherent supporting environment for RPs.

Project Team

The core implementation team (Project Team) set up under ECRP will implement the project. The Project Team will have geographic presence both in Sana'a and Aden to ensure geographic inclusion.

Table 3 below elaborates on the current staff positions in the Team under the project, and the additional capacities under ESPECRP.

³³ The GRM under this project will be strengthened to further engage community oversight and participation.

³⁴ Where available and feasible, UNDP will cooperate with other international donor partners for joint reviews and external audits (as in the case of SFD).

Table 3. Project Team Staff Composition

Post Title	Total Cost for ESPECRP Duration³⁵
Project Manager	\$ 267,294
M&E Specialist	\$ 218,253
SES Specialist (Amman)	\$ 218,253
Adaptive management Specialist	\$ 218,253
National Coordinator (Sana'a)	\$ 177,600
Communication and Knowledge Officer	\$ 119,360
Finance Officer and Admin	\$ 119,360
Project Assistant (Sana'a)	\$ 92,123
Field Coordinator (Aden)	\$ 119,360
Information Management Officer	\$ 119,360
Project Assistant (Aden)	\$ 77,362
National M&E Officer	\$ 119,360
National SES Officer (Aden)	\$ 119,360
National OHS Officer	\$ 119,360
Gender and Social Safeguards Officer	\$ 104,595
Driver	\$ 56,469
Total	\$ 2,265,721

³⁵ This budget will cover 24 months salaries of 12 national staff and 4 international staff. The cost of international posts is shared between ESPECRP and FSRRP. ECRP covered all costs until end Mar 2022, ESPECRP PF covers the remainder of 2022, while ESPECRP AF covers from Jan 2023 till Dec 2024.

V. RESULTS FRAMEWORK³⁶

	Intended Outcome as stated in the country Programme Document Results and resources framework for Yemen (2023-2024): People in Yemen, especially women, adolescents and girls and those in the most vulnerable and marginalized communities' benefit from better, equal and inclusive access to nutritious food, sustainable and resilient livelihoods, and environmental stability
	Outcome indicators as stated in the Country Programme Resources Framework: Indicator 1.1 Proportion of the population experiencing moderate to severe food insecurity (modified Sustainable Development Goal (SDG) 2.1.2); Baseline (2021):16.2 million (54%); Target (2024): 13 million (43%)
	<p>Applicable Output(s) from the UNDP Strategic Plan:</p> <p>Output 1.1. Improved productive infrastructures and assets to increase food security, local economic recovery, and access to services.</p> <p>Indicator 1.1.1 Number of people benefiting from increased access to community infrastructures, Baseline (2022): 5,715,006; Female 2,743,203, Male 2,971,803); Target (2024): 6,584,130; Female 2,962,858; Male 3,621,272</p> <p>Indicator 1.1.2: Number of people benefitting from immediate income opportunities</p> <p>(a) Jobs created; Baseline (2c022): 461,706; Female 92,341; Male 369,365, Target (2024): 646,771; Female 129,354; Male 517,417</p> <p>(b) Access to business opportunities; Baseline (2022): 6,901 Female: 3,243; Male: 3,658 Target (2024): 16,322 Female: 6,991; Male: 9,331</p> <p>Output 1.4. Yemeni women's access to finance, cash transfers and business development in the project value chain improved.</p> <p>Indicator 1.4.1 Number of women-owned businesses accessing financial and business development support; Baseline (2021): Female 0; Target (2024): Female 420</p> <p>Indicator 1.4.2 Number of women supported with cash for nutrition or other social services; Baseline (2022): 275,197; Target (2024): 345,397</p>
	Project title and Atlas Project Award ID: 00141815 Yemen Emergency Social Protection Enhancement and COVID-19 Response Project Additional Finacne (ESPECRP - AF)

³⁶ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

EXPECTED OUTPUTS	OUTPUT INDICATORS	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)				DATA COLLECTION METHODS & RISKS
			Value	Year (Dec. 2021)	Year-1 (2022)	Year-2 -2023	Year-3 -2024	Total	
Geo-focused bundles to reduce food insecurity and malnutrition.	1. Number of additional beneficiary households benefitting from the cash for nutrition program, disaggregated by SWF beneficiaries (3,850) female (40,600) and children (62,400)	SFD	701,417	2021	1,925 (193 SWF households, 2030 female, 3120 children)	28,875 (2,888 SWF, 30,450 female, 46,800 children)	7,700 (770 SWF, 8,120 female, 12,480 children)	38,500	Direct count of beneficiaries who receive direct cash assistance from the cash for nutrition programme.
	2. Number of additional direct beneficiaries of wage employment (disaggregated by gender, female (20%) and IDPs (15%))	SFD & PWP & SMEPs	452,113	2021	3,708	55,630	14,835	74,173	Direct count of beneficiaries by RPs including CfW, CfSS, and wage employment through SCI, SMEs)
	3. Number of people with increased access to basic services, disaggregated by gender (female-50%)	SFD & PWP	5,642,055	2021	0	383,498	127,832	511,330	Subproject administrative data and information from service provider and recipient collection by RPs and TPMA.
	4. Number of Micro, Small and Medium Enterprises (MSME's) supported by the Project, disaggregated by gender (20% female SME owners)	SFD (SMED & YLG)	6,733	2021	0	2,400	800	3,200	Subproject administrative data collection by RPs and TPMA.
	5. Number of people provided with access to improved sanitation services to reduce water-borne diseases exacerbated by climate change	SFD & PWP	0	2021	7,760	108,640	38,800	155,200	Subproject administrative data collection by RPs and TPMA.
	6. Percentage of grievances registered related to delivery of project benefits that are actually addressed	SFD & PWP	80%	2021	90%	90%	90%	90%	Comparison of number of grievances received within the Grievance mechanism with number addressed.
	7. percentage of surveyed beneficiaries who expressed satisfaction about the project's participatory approach	TPMA	90%	2021	90%	90%	90%	90%	Survey to be conducted with a sample of project beneficiaries

Output 1: Provided cash assistance and much-needed services for vulnerable households that are most at risk of malnutrition (Cash for Nutrition Program)	1.1 Number of female beneficiaries of wage employment generated by Cash for Nutrition Program	SFD	8,052	2021	70	1,050	280	1,400	Direct count of beneficiaries who receive short term direct employment opportunity as community health providers from the cash for nutrition program by SFD.
	1.2 Number of indirect beneficiaries of wage employment generated by Cash for Nutrition Program	SFD	48,312	2021	420	6,300	1,680	8,400	Subproject administrative data with the agreed calculation methods (number of family members benefitting from the wage employment through the CFN intervention based on the number of benefited HHs x 6 as the national avg of HH members)
Output 2: Created employment opportunities for vulnerable populations, improve productivity, strengthen social cohesion, and respond to the anticipated effects of climate change (Cash for Work Program)	2.1 Number of direct beneficiaries of wage employment created under cash for work, disaggregated by gender (30% female)	SFD	324,890	2021	1,900 (570 female)	28,500 (8,550 female)	7,600 (2,280 female)	38,000	Direct count of beneficiaries who receipt direct cash assistance from cash for work program by SFD. Subproject administrative data, beneficiary profile and SFD's MIS.
	2.2 Number of indirect beneficiaries of wage employment (family members of direct beneficiaries)	SFD	1,988,148	2021	8,266	123,984	33,062	165,312	Subproject administrative data with the agreed calculation methods (number of family members benefitting from the wage employment through the cash for work intervention based on the number of benefited HHs x 6 as the national avg of HH members)
	2.3 Number of people with increased access to basic services	SFD	2,267,469	2021	0	165,000	55,000	220,000	Subproject administrative data and information from service provider and recipient collection by SFD and TPMA.
	2.4 Cubic meters of water schemes constructed/rehabilitated (cash for work) (Cubic Meter(m3))	SFD	536,027	2021	0	13,725	3,575	18,300	Subproject administrative data with direct count of quantity/volume/length of infrastructure from SFD. Community participatory monitoring, and TPMA
	2.5 Area of agriculture land rehabilitated (cash for work) (Hectare(Ha))	SFD	10,590	2021	0	750	250	1,000	Subproject administrative data with direct count of quantity/volume/length of infrastructure from SFD. Community participatory monitoring, and TPMA
	2.6 Length of roads improved (cash for work) (Kilometers)	SFD	397	2021	0	69	23	92	Subproject administrative data with direct count of quantity/volume/length of infrastructure from SFD. Community participatory monitoring, and TPMA
	2.7 Percentage of communities satisfied about the quality of infrastructure rehabilitated	TPMA	78 %	2021	70%	80%	90%	90%	Perception survey to be conducted within a sample of communities on SFD interventions.

Output 3: Build/rehabilitated valuable socio-economic assets for local communities that help improve access to key services and small infrastructure	3.1 Number of direct beneficiaries of wage employment created under community assets rehabilitation, disaggregated by gender (5% female)	PWP	120,271	2021	1,259 (63 female)	18,880 (944 female)	5,034 (252 female)	25,173	Direct count of beneficiaries who receipt direct cash assistance from cash for work program by PWP. Subproject administrative data, beneficiary profile and PWP's MIS.
	3.2 Number of indirect beneficiaries of wage employment (family members of direct beneficiaries)	PWP	846,381	2021	7,552	113,279	30,207	151,038	Subproject administrative data with the agreed calculation methods (number of family members benefitting from the wage employment through the community assets intervention based on the number of benefited HHs x 6 as the national avg of HH members)
	3.3 Number of people with increased access to basic services	PWP	28,354,865	2021	0	218,498	72,832	291,330	Subproject administrative data and information from service provider and recipient collection by PWP and TPMA.
	3.4 Cubic meters of water schemes constructed/rehabilitated (community assets rehabilitation)	PWP	362,423	2021	0	47,282	15,761	63,042	Subproject administrative data with direct count of quantity/volume/length of infrastructure from PWP. Community participatory monitoring, and TPMA
	3.5 Area of agriculture land rehabilitated (community assets rehabilitation) (Hectare(Ha))	PWP	13,326	2021	0	1,891	631	2,522	Subproject administrative data with direct count of quantity/volume/length of infrastructure from PWP. Community participatory monitoring, and TPMA
	3.6 Length of roads improved (community assets rehabilitation) (Kilometers)	SFD	205.1	2021	0	50	16	66	Subproject administrative data with direct count of quantity/volume/length of infrastructure from PWP. Community monitoring, and TPMA
	3.7 Percentage of communities satisfied about the quality of infrastructure rehabilitated	TPMA	80%	2021	70%	80%	90%	90%	Perception survey to be conducted within a sample of communities on PWP interventions.

Output 4: - Economic opportunities and food market resilience improved	4.1 Number of MFIs to access the new YLG portfolio guarantee scheme	SFD/SMED	9	2021	2	0	0	2	Subproject administrative data and information from service provider and recipient collection by SFD/SMED and TPMA.
	4.2 Number of SME loans guaranteed by the new capitalization to the YLG	SFD/SMED	6,733	2021	0	1,100	412	1,512	Subproject administrative data and information from service provider and recipient collection by SFD/SMED and TPMA.
	4.3 Number of Village Saving and Loans Associations	SFD/SMED	1,813	2021	13	375	112	500	Subproject administrative data and information from service provider and recipient collection by SFD/SMED and TPMA.
	4.4 SMEs receiving TA and grants that produce and facilitate food distribution	SFD/SMEPS	11,255	2021	0	2,400	800	3,200	Subproject administrative data and information from service provider and recipient collection by SFD/SMEPS and TPMA.
	4.5 Business associations supported in the target sectors directly through grants and TA	SFD/SMEPS	22	2021	0	23	7	30	Subproject administrative data and information from service provider and recipient collection by SFD/SMEPS and TPMA.
	4.6 Number of new seasonal and permanent wage employment supported	SFD/SMEPS	68,186	2021	0	7,200	2,400	9,600	Subproject administrative data and information from service provider and recipient collection by SFD/SMEPS and TPMA.

Output 5: Oversight, reporting and quality assurance of project ensured									
Output 5.1: Improved monitoring of project activities in conflict; improvements in project interventions	5.1.1 Surveyed beneficiaries who report receiving the right payment amount (Percentage)	UNDP/SFD/PWP/TPMA	98%	2021	100	100	100	100	TPM surveys, UNDP field mission, questionnaires and phone interviews, remote verification
	5.1.2 Grievances received, addressed and responded to within a timeline that has been specified and publicly communicated by the project (Percentage)	UNDP/SFD/PWP/TPMA	83 %	2021	90	90	90	90	TPM operated GRM system, surveys, questionnaires and phone interviews, remote verification
	5.2.3 Surveyed beneficiaries who express satisfaction with project interventions (Percentage)	UNDP/SFD/PWP/TPMA	97%	2021	98	98	98	98	TPM surveys, UNDP field mission, questionnaires and phone interviews, remote verification
Output 5.2 Increased capacity of national institutions to design and implement social protection programs	5.2.1 Capacity building action plan for SFD adopted and implemented	UNDP	No	2021	Yes	Yes	Yes	Yes	RPs capacity assessment, progress reports
	5.2.2 Capacity building action plan for PWP adopted and implemented	UNDP	No	2021	Yes	Yes	Yes	Yes	RPs capacity assessment, progress reports

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.	UNDP RPs, and TPM
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.	UNDP RPs, and TPM
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.	UNDP RPs, and TPM
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.	UNDP and RPs
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.	UNDP and RPs
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)	Project progress reports along with relevant data and evidence will be collected from the RPs on time in order to prepare quality project progress reports and submit it to the Project Board on time.	UNDP and RPs
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.	UNDP and RPs

The monitoring of project outputs will be undertaken at multiple levels. The SFD, PWP and SMEPs will play a critical role to gather periodic data and information on the subproject implementation progress and to provide UNDP PMU on regular basis. UNDP will carry out monitoring through review of mandatory quarterly reports for quality assurance and verifications. As part of the risk mitigation measures, UNDP will employ a Third-Party Monitoring Agent for the sole purposes of monitoring the implementation of the project. The Third-Party Monitoring Agent is expected to contribute to improving the development effectiveness and efficiency of the project through reviewing its performance and using evidence to propose adjustments to its programming for optimal results achievement.

The Third Party Monitoring Agent will focus on the following areas: 1) verify that the project outputs and activities are being implemented according to the agreement with the World Bank under the FMFA and elaborated eligibility criteria for financing of sub-projects, including the targeting methodology as outlined in the Project Document; 2) track performance through the collection of appropriate and credible data and other evidence; 3) analyze evidence to inform UNDP management and Project Board decision-making, recommend improvement of effectiveness and efficiency as necessary; and 4) report on performance and lessons to facilitate learning and support accountability. The ToR of the Third-Party Monitoring Agent is attached in annex-1 for further information. Evaluation Plan missing

Evaluation Plan³⁷

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Project Final Evaluation	UNDP and WB	Marginalised groups, particularly the poor, women, people with disabilities and displaced are empowered to gain universal access to basic services ³⁸ and financial and non-financial assets to build productive capacities and benefit from sustainable livelihoods and jobs	Yemenis improve their livelihoods and access inclusive productive services	September 2024 (Tentatively)	Project Donors, National Responsible Parties, Bi-lateral and multi-lateral donors/other international communities, UNDP Regional and HQ.	USD 100,000

³⁷ Optional, if needed

³⁸ Basic services include social services (e.g. health and nutrition, education, water and sanitation, social housing, vocational training), economic services (including finance), environmental and energy services (e.g. renewables, clean fuels and technology, use of natural resources), and other services (e.g. rule of law and justice). Please note that UNDP focuses primarily on policies and capacities that improve the enabling environment for provision of basic services.

VII. MULTI-YEAR WORK PLAN

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year			RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3		Funding Source	Budget Description	Amount
Output 1: Provide cash assistance and much-needed services for vulnerable households that are most at risk of malnutrition (Cash Nutrition)	Provision of Conditional Cash Assistance to 38,500 women; and Wage employment to 1,400 Female Health Workers	4,271,676	21,741,523	3,097,201	SFD	WB	71300 – Cash for Nutrition	19,784,540.00
						WB	71300 – wage employment for young female health workers	2,314,285.00
						WB	72300 - Materials and Goods	356,020.00
						WB	71300 - Consultancy and Shared Cost	6,655,555.00
Output 2: Create employment opportunities for vulnerable populations, improve productivity, strengthen social cohesion, and respond to the anticipated effects of climate change (Cash for Work)	Implementing labor intensive Works and providing Cash for Work to 38,000 workers	2,449,443	19,595,544	2,463,813	SFD	WB	72100 – Cash for work	21,084,430.00
						WB	71300 - Consultancy and shared cost	3,424,370.00
	Indirect support to enhance access of 3,024 ³⁹ MSMEs' to finance by increasing MFIs' ability to lend (via YLG)	2,173,000	1,729,000	728,000	SFD	WB	75700 - Subgrants for YLG support MSMEs	1,900,000.00
						WB	75700 - Creating and supporting VSLAs	2,730,000.00
	Fostering financial inclusion in the most vulnerable rural communities through creating 500 VSALs and supporting 2,000 MSMEs	937,565	4,791,480	621,755	SFD	WB	72200 - Equipment and furniture	1,016,855.05
						WB	74500 - Operating expenses	5,333,944.95
Sub-Total for Output 1 & 2		9,831,684	47,857,547	6,910,769			64,600,000.00	
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year			RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3		Funding Source	Budget Description	Amount
Output 3: Build valuable socio-economic assets for local communities that help improve access to key services and small infrastructure (PWP)	Implement civil works to build priority community assets and provide wages to 25,173 workers	450,560	17,178,820	9,970,620	PWP	WB	72100 – Civil Works	21,804,000.00
						WB	72300 - Goods	130,000.00
						WB	71300 - Consultancy Services	2,963,909.00
						WB	71300 - Capacity Building	193,000.00

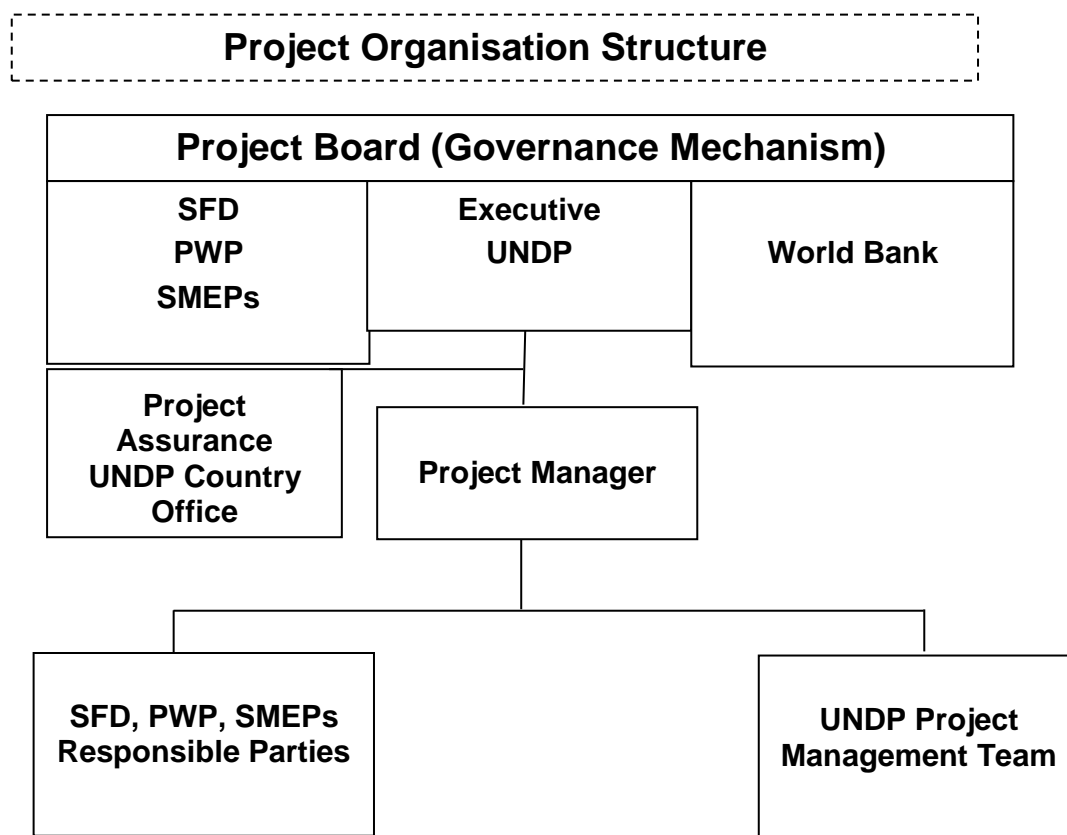
³⁹ These MSMEs are the same ones supported under the PF as the AF was agreed to top up the assistance for them as indicated in the donor project.

						WB	74500- Incremental Operating Costs	2,509,091.00
Sub-Total for Output 3		450,560	17,178,820	9,970,620				27,600,000.00
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year			RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3		Funding Source	Budget Description	Amount
Output 4: Fostering new SMEs and providing support to existing SMEs, cooperatives and associations involved in the production, storage, and distribution of food, as well as in nutrition- and health-related services	Grants and technical support to 1,200 MSMEs and 30 Business Associations, as well as supporting 4,800 new wage employment.	362,292	4,839,671	1,798,037	SMEPs	WB	71300 - Technical Support to Beneficiaries	455,000.00
						WB	75700 - Grants to MSMEs	4,400,000.00
						WB	75700 - Trainings & Workshops	630,000.00
						WB	71300 - Management Direct Cost – Operating Cost	1,057,056.00
						WB	74500 - Operating Cost	457,944.00
Sub-Total for Output 4		362,292	4,839,671	1,798,037				7,000,000.00
TOTAL Activity Costs (Output 1 - 4)		10,644,536	69,876,038	18,679,426				99,200,000.00
EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year			RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3		Funding Source	Budget Description	Amount
UNDP's Project Monitoring and Management	b) Direct Cost for Part 3.2(a)(i)	602,022.00	1,996,172	2,056,175.00	UNDP	WB	61300/71400 - Staff Salaries (Intl. and National)	2,265,722.00
						WB	Common Cost Services Shares	1,268,637.58
						WB	75400 - General Operating Expenses	179,142.81
						WB	64300 - CO Support	358,285.61
						WB	Running/misc. costs	202,581.00
						WB	72100 - Communication and Visibility	200,000.00
	c) Consulting services and TPM3.2(b)	0	600,000	400,000	UNDP	WB	74100 – Audit	180,000
						WB	72100 - TPM	300,000.00
						WB	72100 - Capacity building	600,000.00
					WB	72100 -Evaluation	100,000.00	
Sub-Total Project Management Costs		602,022.00	2,596,172.00	2,456,175.00				5,654,369.00
General Management Support (3%) for Part 3.2(a)(ii)		337396.70	2174166.30	634068.00				3,145,631.00
GRAND TOTAL PROJECT COST		11,583,955	74,646,376	21,769,669				108,000,000.00

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

UNDP will establish the Project Board as oversight and advisory authority, representing the highest body for coordination, strategic guidance, oversight and quality assurance. The body will facilitate collaboration between UNDP, SFD, PWP, SMEPs and the WORLD BANK, and other stakeholders for the implementation of the Project. The Board will review and endorse the annual work plans (AWPs), will provide strategic direction and oversight, will review implementation progress, and will review narrative and financial progress reports.

The Board will be convened by UNDP in conjunction with the WB Implementation Support Mission and meet at least on a 6-monthly basis. It will include senior programme managers from UNDP, SFD, PWP, SMEPs and WORLD BANK. The review meetings will be chaired by UNDP Resident Representative or OIC and attended by the WORLD BANK Task Team Leader as well as the task leaders and middle management of the three agencies.



The Project Board will ensure tracking of safeguards compliance and performance as stipulated in the ESMF. The Board will oversee and review the implementation of the Safeguards Instruments, giving details of:

- a) measures taken in furtherance of the Safeguards Instruments;
- (b) conditions, if any, which interfere or threaten to interfere with the smooth implementation of the Safeguards Instruments; and
- (c) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of the Safeguards Instruments.

IX. IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Republic of Yemen and UNDP, signed on 11 April 1977. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

1. UNDP as the Implementing Partner shall comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP agrees to undertake all reasonable efforts to ensure that none of the project funds are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

UNDP Anti-Fraud Policy

The Responsible Parties have a general accountability for fiduciary management of funds put at their disposal by UNDP. In this regard, Responsible Parties will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, and responsible parties in implementing the programme/project or using the UNDP funds. The Responsible Parties will ensure that appropriate financial management, anti-corruption and anti-fraud policies are put in place and are enforced for all funding received from or through UNDP.

The Responsible Parties shall comply with and be subject to the requirements of the following documents then in force at the time of signature of the Project Document:

- (a) UNDP Policy on Fraud and other Corrupt Practices (“UNDP Anti-fraud Policy”);
- (b) UNDP Office of Audit and Investigations (OAI) Investigation Guidelines; and
- (c) UNDP Social and Environmental Standards (SES), including the related Stakeholder Response Mechanism (SRM), with the specific details pertaining to the project outlined in the ECRP ESMF.

The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this project document and are available online at www.undp.org.

In the event that an investigation is required, UNDP has the right to conduct investigations relating to any aspect of UNDP Projects, as per its mandate. The Responsible Parties shall provide full cooperation, including making available personnel, relevant documentation, and granting access to the Responsible Parties (and its consultants’, contractors and subcontractor’) premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a problem in exercising this right, UNDP shall consult with the Responsible Parties to find a solution in the best interest of both parties.

The Signatories to this Project Document will promptly inform each other in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Responsible Party becomes aware that UNDP has funded or is funding, in whole or in part, an activity that is the focus of investigation for alleged fraud/corruption, the implementing partner will inform the UNDP Resident Representative, who will promptly inform UNDP’s Office of Audit and Investigations (OAI). The Responsible Party shall provide regular updates to the UNDP Resident Representative and OAI of the status of, and actions relating to such investigation.

With regard to the restitution of funds misused, including fraud or corruption, UNDP's anti-fraud policy, UNDP shall be entitled to a refund from the Responsible Party of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the Responsible Party agrees that donors to UNDP whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, shall have recourse to the Responsible Party for the recovery of any funds determined by UNDP to have been used inappropriately, including fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

The Responsible Party shall ensure that the above provisions are included in all sub-contracts or sub-agreements entered into in connection with the project or programme.

Each contract issued by the Responsible Party in connection with the Project shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Responsible Parties shall cooperate with any and all investigations and post-payment audits.

Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the relevant national authorities shall actively investigate the same and prosecute all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

The project will strengthen the overall risk analysis and management mechanism, including regular updates on the contextual risks, as well as operational risks pertaining to the project, on a quarterly basis.

X. RISK MANAGEMENT

UNDP (DIM)

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the project funds UNDP received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the updated UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Stakeholder Response Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
6. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA [or the Supplemental Provisions to the Project Document], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
 - b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
 - c. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

- d. The requirements of the following documents, then in force at the time of signature of the Project Document apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and subrecipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- e. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and subrecipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- f. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.
- g. Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and subrecipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.
- h. UNDP will be entitled to a refund from the responsible party, subcontractor or subrecipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- h. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract

execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.

- i. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- j. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled “Risk Management” are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, mutatis mutandis, in all its subcontracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

(Annex 3, 4 and 5 can be accessed via this link:

<https://drive.google.com/drive/folders/1TOtGojrb2Lpd97aoEW0ajjlxus-8Euth?usp=sharing>)

1. **ESPECRP Theory of Change**
2. **Project Quality Assurance Report**
3. **Social and Environmental Screening Template** including additional Social and Environmental Assessments or Management Plans as relevant. *(NOTE: The SES Screening is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences, partnership coordination and management of networks, or global/regional projects with no country level activities).*
4. **Risk Analysis.** Use the standard [Risk Register template](#). Please refer to the [Deliverable Description of the Risk Register](#) for instructions
5. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)
6. **Project Board Terms of Reference and TORs of key management positions**

Annex 1: ESPECRP Theory of Change

Yemeni households and communities are able to effectively cope with the impact of the crisis and are strong drivers of the resilience-building and recovery efforts

