

UNITED NATIONS DEVELOPMENT PROGRAMME

PROJECT DOCUMENT REVISION**Yemen**

Empowered lives.
Resilient nations.

Project Title: Peace Support Facility for Yemen

Project Number: Atlas award ID 00118265

Implementing Partner: UNDP Yemen

Start Date: 1 January 2019

End Date: 31 December 2020

PAC Meeting date: 1 April 2019

Brief Description

The aim of the Peace Support Facility is to support the peace process by accelerating the implementation of agreements reached by the parties to the conflict during negotiations led by the UN Secretary General's Special Envoy to Yemen. The Facility also aims to build public support for the peace process by achieving tangible, rapid improvement in the daily lives of people in priority areas identified by the UN Special Envoy. The intention is to demonstrate concrete alternatives to conflict, create local demand for peace and incentivize parties to deepen their engagement in the Special Envoy's peace process.

The PSF will support the peace process, including the agreements reached, by implementing initiatives that deliver improvements in the lives of people affected by conflict. The PSF will also empower the Special Envoy to identify initiatives that support the political process by generating demand for peace, especially in neglected geographic areas and among underrepresented groups. The initial focus will be on the first set of priorities discussed by the parties during the December 2018 peace consultations in Stockholm.

The Facility is designed to achieve the following output:

- *The peace process in Yemen is supported with fast, flexible initiatives that deliver tangible, rapid improvements in the daily lives of people, and reinforce and build public support for the political process.*

Under this output the following components will be implemented:

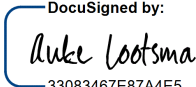
- Component 1: Initiatives agreed by the parties are implemented to build confidence in the peace process and to support the implementation of the Stockholm agreement or any other future agreement.
- Component 2: Discreet activities emerging out of existing Track II initiatives are implemented with the goal of catalyzing the political process.
- Component 3: Transitional governance arrangements are supported as and when the parties agree.

Donors are encouraged to contribute to the Facility as a whole.

The aim of this revision is to reflect the decision taken by PSF Steering Committee meeting on 13 September 2019 in Berlin, Germany (meeting minutes attached), to re-structure the Facility into three distinct windows around immediate projects in support of peace process, initiatives emerging from track II dialogue and eventual support to transitional governance arrangements.

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|---|-----------------------------------|--------------------|----------------|
| Contributing Outcome (UNDAF/CPD, RPD or GPD): UNDP CPF Outcome 3: Yemenis contribute to and benefit from peacebuilding processes UNDP CPF Outcome 1: Yemenis contribute to and benefit from inclusive, accountable and gender responsive governance at local and central levels | Total resources required: | USD \$20,000,000 | |
| | Total resources allocated: | UNDP TRAC: | USD 377,904.37 |
| | | Donor: | USD 15,141,985 |
| | | Government: | |
| | | In-Kind: | |
| | Unfunded: | USD 4,480,110.23 | |

Agreed by:

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| UNDP |
| <div><div><div>DocuSigned by:</div><div></div></div><div><div>33083467E87A4E5...</div><div>Auke Lootsma,</div><div>UNDP Resident Representative</div></div></div> |
| Date: 3/9/2020 |

I. DEVELOPMENT CHALLENGE

The impact of the conflict in Yemen has been devastating. Tens of thousands of civilians have been killed or injured and public infrastructure throughout the country has been severely damaged or destroyed. Half of the Yemeni population currently lives in areas directly affected by conflict.

Prior to the recent conflict, Yemen was already the poorest in the Arab region suffering from weak human development outcomes compounded with a high population growth, repeated local conflicts, chronic food insecurity and uncertain political transition.

The UN considers Yemen the worst humanitarian crisis in the world. An estimated 80 per cent of the population, 24 million people, requires some form of humanitarian or protection assistance, including 14.3 million who are in acute need. More than 20 million Yemenis are food insecure including 10 million who are one step away from famine. Of the 333 districts in the country, 230 are facing pre-famine conditions. At least 238,000 people in 45 districts are currently in catastrophic condition and more will fall into this category unless access is expanded, including through peace consultations. An estimated 3.3 million people remain displaced.

Since the start of conflict in 2015, economic indicators have plummeted; Gross Domestic Product (GDP) has declined by nearly 50 percent over the last three years— equivalent to a loss of US\$50 billion, and more than 600,000 people have lost their jobs. The cost of the basic food basket has increased 60 percent in one year and 81 percent of the population is living at or below the poverty line compared to 49 percent in 2017. The alarming depreciation of the Yemeni Riyal is further undermining the Yemeni economy which heavily relies on imports paid for in US dollars and significantly contributed to the recent price spike of fuel and basic commodities.

Intensive airstrikes, armed clashes, and shelling - which continue across the country - resulted in damage or destruction of civilian facilities, including irrigation systems, agricultural sites, schools, hospitals, water points and sanitation plants. Landmines and other explosive remnants of war pose long-term risks for the civilian population and humanitarian actors. In addition, the public budget deficit since late 2016 has disrupted basic social services and payment of public sector salaries.

During peace consultations convened by the Secretary-General's Special Envoy in Sweden in December 2018, the parties to the conflict agreed to redeploy forces in Hodeida, exchange prisoners and move forward with initiatives in Taizz. After endorsing the Stockholm Agreement, the UN Security Council established a new special political mission, the United Nations Mission to Support the Hodeida Agreement (UNMHA), to monitor the parties' compliance with agreements reached in Stockholm.

After more than three years of war, and over two years since the last peace talks, the Stockholm agreement represents a significant step towards a comprehensive peace agreement. Its successful implementation can play a key role in paving the way for further progress on the peace process led by the Special Envoy.

II. STRATEGY

The aim of the Peace Support Facility is to support the peace process by accelerating the implementation of agreements reached by the parties to the conflict during negotiations led by the UN Secretary General's Special Envoy to Yemen. The Facility also aims to build public support for the peace process by achieving tangible, rapid improvement in the daily lives of people in priority areas identified by the UN Special Envoy. The intention is to demonstrate concrete alternatives to conflict, create local demand for peace and incentivize parties to deepen their engagement in the Special Envoy's peace process.

The project output is defined as follows:

The peace process in Yemen is supported with fast, flexible initiatives that deliver tangible, rapid improvements in the daily lives of people, and reinforce and build public support for the political process.

The first line of effort under the Facility will provide tangible support for the implementation of initiatives agreed by the parties, in direct support to priorities discussed during UN negotiations. This will serve to demonstrate alternatives to conflict and build confidence in the peace process. Specific initiatives will be decided by the Special Envoy, supported by the UN Resident Coordinator and UNDP Resident Representative in discussion with the parties. The Facility will focus in the first instance on the priorities discussed by the parties during the December 2018 peace consultations in Stockholm.

A second line of effort delivers discreet activities emerging out of existing Track II initiatives with the goal of catalyzing the political process. The PSF can provide the opportunity to discuss projects and interventions emerging from the different dialogues and contribute to building peace from the ground up, especially in neglected areas and among underrepresented groups. This component will provide a unique opportunity - so far almost absent - to meaningfully turn recommendations and ideas stemming from dialogues into concrete projects.

A third line of effort supports transitional governance arrangements as and when the parties agree and in overall support to a future peace deal. Thematic entry points may include areas related to core government functions including the Presidency, Central Bank, security sector, etc. as well as any transitional mechanism that is put in place to transition towards a peace-agreement.

Local authorities and community leaders and networks will play a key role in implementation and wherever possible, contracts will be awarded to local companies to help invigorate local markets and the private sector.

Guiding framework and programming principles

Reflecting the inherent political nature of the project, the priorities and activities will be kept within the following framework¹:

- i. *Clearly defined and narrow strategic focus*
Given the wide range of potential interventions under the framework, the project will ensure a narrow strategic focus by linking all interventions to the top-level political process. The interventions will either be directly agreed by the parties to the peace process or identified by the United Nations entities involved in PSF (OESGY, RCO and UNDP), members of the Steering Committee and affiliated institutions such as think tanks and NGOs (see dedicated section on project identification process). The RC office will be responsible for ensuring that initiatives implemented do not duplicate work being done under other frameworks and projects.
- ii. *Robust process and delivery mechanism*
The delivery mechanisms for selected interventions will benefit from UNDP's global experience of delivering quickly in conflict-affected environments, from the organisation's long-standing presence in Yemen, and from leveraging active networks of implementing partners. The project will put in place operational capacities, including strong management, procurement and oversight structures, which will allow rapid implementation of initiatives.
- iii. *Enhanced governance arrangements*

¹ In project formulation phase these principles were identified as part of a discussion on 'red lines' that should delimit the boundaries of the project's engagements.

A Steering Committee, acting as a project board, which will meet every six months. At the technical level, UNDP and the Operations and Compliance Unit (OCU) of the Resident Coordinator’s office (RCO) will review and appraise interventions for feasibility, appropriateness, conflict-sensitivity, timeliness and cost-effectiveness.

- iv. *Enhanced risk management*
UNDP, with support from the OCU and the OSESGY, will assess and take steps to mitigate fiduciary, political, social, security, military and reputational risks. UNDP will identify steps to ensure there are appropriate contingency plans in place if initiatives stall or fail, for discussion and agreement among project stakeholders.
- v. *Early and regular coordination and consultation*
Given the dynamic nature of the project, the volatile operating environment, and the political nature of the intervention, regular information sharing and coordination among stakeholders will be required to update parties on implementation progress and challenges and on any significant changes identified in the risk monitoring framework. The Special Envoy, Resident Coordinator and UNDP Resident Representative will meet monthly to discuss priorities for the PSF. Following this discussion, the RC and RR will meet donors to share information and update on progress.

The following programming principles, based on UN experience globally and in Yemen in particular, will further guide implementation.

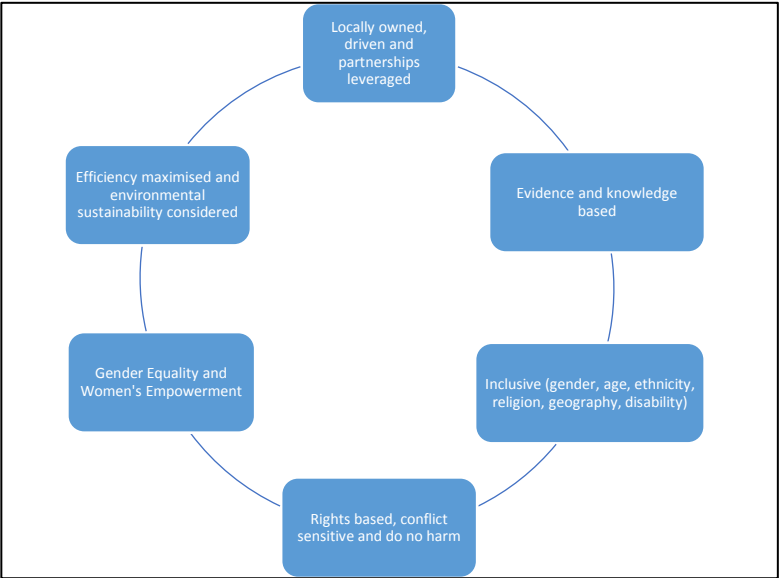
Comparative Advantage: The Peace Support Facility capitalizes on the partnerships UNDP has built over time with local authorities and stakeholders including local associations, community-based groups and the private sector. Active in Yemen for generations, UNDP has an extensive network of partners across the country and through this network, has a comprehensive understanding of changing priorities and dynamics.

Bottom-Up Approach: The Peace Support Facility will draw on locally available capacities and strengths and will ensure inclusive participation of stakeholders and beneficiaries during all stages of project design, implementation and monitoring.

Monitoring for Results: The Peace Support Facility will establish a strong monitoring and evaluation framework based on the principles of transparency, accountability and appropriate targeting. UNDP will coordinate and consult with institutions, as well as with other stakeholders including donors, UN agencies and others with the aim of working towards a smooth, inclusive transition from conflict to peace and effective governance.

Conflict Sensitive Approach: Implementation will be guided by the principles of conflict sensitivity and the “Do No Harm Approach.” The Operations and Compliance Unit in the Resident Coordinator’s Office will support the Facility by providing risk analysis and recommending concrete steps for mitigating and managing risks. The Manager of the Facility will also coordinate closely with UNMHA for initiatives implemented in Hodeida.

Gender Equality and Women’s Empowerment: The Peace Support Facility will seek to advance women’s empowerment recognizing that women and girls experience acute vulnerabilities during conflict, stabilization, recovery and rebuilding. Depending on scale, the Facility may recruit a dedicated Gender Specialist or draw on Country Office’s gender capacities. The project will develop a Gender Strategy and invest in strengthening capacities to improve gender programming during all stages of programme design, implementation, monitoring and reporting. The Facility will work to genuinely engage women in planning processes, decision making and



during implementation as field engineers and field monitors.

Partnerships: The Facility will work directly with the UN Special Envoy and the parties in the peace process, to identify priority areas and initiatives. Specific initiatives in specific locations will be implemented in close partnership with local authorities, the private sector and civil society.

III. RESULTS AND PARTNERSHIPS

Expected Results

Under the overarching project output of:

The peace process in Yemen is supported with fast, flexible initiatives that deliver tangible, rapid improvements in the daily lives of people, and reinforce and build public support for the political process;

the following components will be implemented:

Component 1: Initiatives agreed by the parties are implemented to build confidence in the peace process and to support the implementation of the Stockholm agreement or any other future agreement.

By supporting specific initiatives recommended by the UN Special Envoy and parties in the peace process, the Facility will help to demonstrate concrete alternatives to conflict, create local demand for peace and incentivize parties to deepen their engagement in the Special Envoy's peace process. Initiatives under the Facility will help build confidence between the parties, and between the parties and the UN. The first set of initiatives implemented under this component will support priorities discussed by the parties during the December 2018 peace consultations in Stockholm.

Component 2: Discreet activities emerging out of existing Track II initiatives are implemented with the goal of catalyzing the political process. The PSF can provide the opportunity to discuss projects and interventions emerging from the different dialogues and contribute to building peace from the ground up, especially in neglected areas and among underrepresented groups. This component will provide a unique opportunity - so far almost absent - to meaningfully turn recommendations and ideas stemming from dialogues into concrete projects.

Component 3: Transitional governance arrangements are supported as and when the parties agree. Thematic entry points may include areas related to core government functions including the Presidency, Central Bank, security sector, etc. as well as any transitional mechanism that is put in place to transition towards a peace-agreement.

Theory of Change

Assuming that:

- Parties remain engaged in the political process; and
- Security conditions on the ground allow rapid implementation of programme activities

If (existing agreements are supported):

- Initiatives that deliver tangible, rapid improvements to people affected by conflict and that directly support peace priorities are jointly agreed by the parties; with these initiatives implemented quickly;

And If (further initiatives to support the peace process):

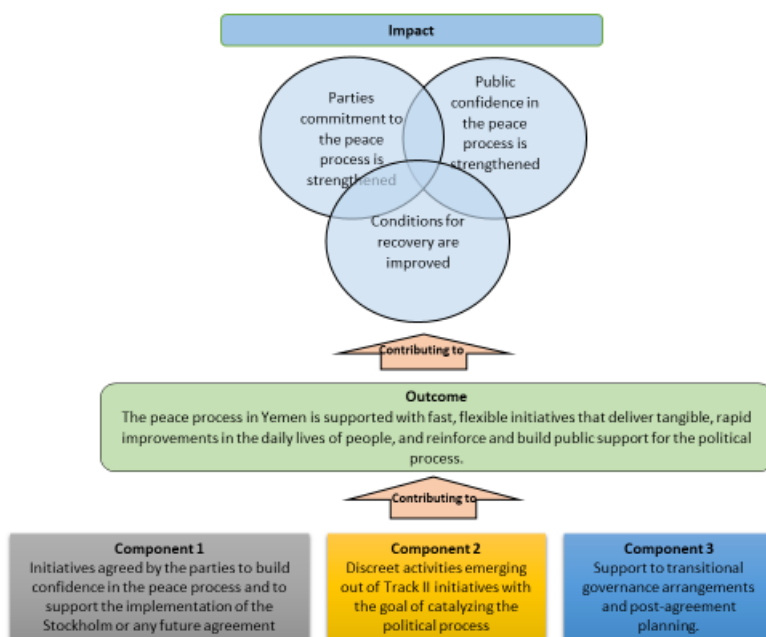
- The initiatives emerging from Track II dialogues that help catalyse the political process are identified, in particular targeting neglected geographic areas and underrepresented groups; with these initiatives implemented quickly;

Then:

- The main parties to the political process will be incentivised to continue in the political process;
- Tangible improvements on the ground will contribute to public confidence in the peace process, as well as deliver initial support to recovery;

In the medium to longer term, contributing to:

- An increased commitment by present political parties to the peace process;
- Increased confidence among the population in the ongoing peace process; and
- On the ground improvements in priority areas which supports the longer-term conditions for recovery.



Mechanism for project identification and selection

Each Window represents a distinct opportunity to deliver against a strategic objective in a different manner and for different outcomes, all in full consultation with the parties. It is therefore useful to assign responsibility and set out an accountability mechanism to ensure that all actors understand the roles and responsibilities of the Steering Committee, of the UN system including the Resident and Humanitarian Coordinator's Office (RCO), the Office of the Special Envoy (OESGY) and UNDP, and indeed of the Yemeni parties.

In order to distinguish between the three windows, the below is an outline on how projects are identified, consulted, proposed and selected under the three distinct windows:

Window 1: For projects related to supporting the implementation of the Stockholm agreement and any other future agreement between the Yemeni parties, these interventions stem directly from **interactions with the parties by the Special Envoy to the Secretary-General and the Resident & Humanitarian Coordinator**. Under this window, the parties themselves are invited to table strategic initiatives in support of the political process based on a documented need which can then be introduced to other Yemeni stakeholders for further discussion. The UN principals themselves may also introduce project ideas to the parties for further discussion. Based on these high-level political exchanges, the UN principals will then task the UN PSF coordination group to undertake a more detailed risk, feasibility and impact assessment. Those projects considered viable –high political impact, risk within donor red lines- are then presented to Steering Committee for financing before implementation. Such an approach has been applied so far for the two PSF initiatives currently under implementation: the emergency support interventions to the Ports of Hodeidah, Salif and Ras Issa; and the assessment of Marib power station.

Window 2: Projects emerging from existing track II initiatives can be tabled for discussion **by members of the Steering Committee and affiliated institutions such as think tanks and NGOs, the United Nations entities involved in PSF (OESGY, RCO and UNDP)**. Once an initiative is tabled, the UN PSF coordination group will be tasked with assessing feasibility and risk. Part of the feasibility assessment will involve research on any existing initiatives of similar nature and in close geographical proximity, including those projects already being implemented by the United Nations system or other partners. Where possible, initiatives will be integrated into existing programming in consultation with stakeholders and contributing partners.²

For projects emerging out of existing Track II dialogue, the PSF Steering Committee notes the potential for overlap with existing mechanisms and interventions, underscoring the importance of outlining how projects of this nature would be identified and selected for financing. There are a number of potential Track II dialogue initiatives that are under preparation at any given moment. It is essential to ensure full coordination and complementarity of multiple initiatives by maintaining an accurate sense of planned and ongoing initiatives to mitigate the risk around duplication of effort and to ensure that actions are mutually reinforcing. Regular PSF partner briefings and Steering Committee meetings will ensure that partners are up-to-date on ongoing Track II efforts.

Window 3: For eventual projects related to transitional governance arrangements post-deal, a comprehensive assessment could determine the main thematic entry points related to core government functions including the Presidency, Central Bank, security sector as some examples. The process for identifying projects would emerge from the initial assessment and would necessarily **involve discussion and buy-in from the national authorities** to be led by the United Nations. Once endorsed at national level, the same feasibility and risk analysis would be undertaken prior to submitting to the Steering Committee for financing.

In summary, the nature and selection process for the projects under the Facility will vary depending on the Window. Larger scale infrastructure projects will be considered under Window 1 on the conditionality of full buy-in from all parties to the conflict. Window 2 will open the possibility for local level reconciliation and peacebuilding initiatives targeting specific groups or communities, while also being cross checked against existing mechanisms and interventions to avoid duplication of action on the ground. Finally, Window 3 will focus on stabilization initiatives on the basis of a comprehensive assessment with the full involvement and buy-in of legitimate national authorities and institutions.

² It is worth noting that the Peace Support Project (PSP) managed by the Office of the Special Envoy is a multi-donor trust fund project that has been designed to finance the movements and consultations undertaken by the Special Envoy team. This instrument is separate and distinct from the Peace Support Facility, which is designed to support initiatives and projects that complement and reinforce the negotiations but *do not* finance the negotiations themselves.

Risks and Assumptions

Political and reputational risks: the PSF will need to place considerable efforts on mitigating risks that could undermine the political process. The activities of the Facility will be closely coordinated between the UN Special Envoy (SE), the Resident Coordinator (UNRC) and the UNDP Resident Representative (UNDP RR). Their regular engagement will be key to ensure that the PSF is welcomed by the parties; and supported by key stakeholders including local authorities, civil society leaders and in the case of specific areas, key entities, including, for example, UNMHA in Hodeida.

The UN in Yemen is already working in a high-risk environment, characterized by conflict, political fragmentation, collapsing services, corruption, criminality and clientelism. The UN maintains its operational integrity by adhering to principles of impartiality, respect for human rights and inclusivity and engages stakeholders on the basis of these principles. In addition, 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 which collectively address political risks. In this regard, the RC office, in coordination with the OSESGY, will be responsible for ensuring that initiatives implemented under these lines of effort do not duplicate work being done under other frameworks and projects, including the Peace Support Programme.

Operational risks: Because of conflict and insecurity, the Facility is expected to face multiple operational risks. These risks include transport of equipment and asset management and maintenance and protection of premises and work sites. A framework for addressing and mitigating these risks will be established with support from the Operations and Compliance Unit in the Resident Coordinator's Office. UNDP has also developed a Business Continuity Plan which ensures that critical office functions can be performed from alternate locations if necessary. UNDP will contract a Third-Party Monitoring Agent to ensure regular monitoring of programme implementation under virtually all imaginable conditions.

Particular attention will be paid to putting in place strong measures to prevent and detect fraud and corruption. These will be applied to procurement processes and any cash for work activities, and will include, for instance, procedures to ensure the authenticity of the documents submitted by a bidder; prevent leakage of confidential bidding information, including cost-estimates; prevent manipulation of the selection process by a contractor; detect instances where companies are not strictly following the requirements in the bidding specifications; boost staff capacity across core oversight and monitoring functions, etc.

Financial risks: Financial risks include hyper-inflation, depreciation, fraud, and cash advance management. These risks will be addressed through UNDP's anti-fraud policy, annual audits, regular spot-checking by UNDP staff and Third-Party Monitoring.

Programmatic risks: Programmatic risks include access constraints and interference by authorities in selection of sites and priorities. The Facility will rely on the close engagement of the Resident Coordinator, the UN Special Envoy and UNDP Resident Representative with authorities. In addition, UNDP will closely review the quarterly expenditure reports of responsible parties to monitor financial delivery of outputs.

Security risks: The ongoing conflict continues to pose significant security risks including crime, air strikes, landmines, terrorist attacks, ground combat, arbitrary arrests and detentions. UNDP will mitigate these risks through close collaboration and coordination with the UN Department for Safety and Security, deconfliction mechanisms, and with UNDP's Mine Action programme to ensure mitigation measures have been taken in areas contaminated by explosive hazards. As part of its mitigation measures, the Facility will establish specific arrangements with the police for delivery and premises protection. Staff training on conflict-sensitive communications and risk management will continue. A Third-Party Monitoring Agent will be contracted to conduct the monitoring of the implementation of the project in hard-to-reach areas.

The Operations and Compliance Unit

UNDP will be supported by the Operations and Compliance Unit (OCU) in the Resident Coordinator's Office which will help establish a strategic communications strategy, support risk analysis, mitigation and management, conduct conflict sensitivity analysis, and ensure compliance with the UN's human rights due diligence policy (HRDDP).

Mitigate potential adverse social and environmental impacts

UNDP will apply its social and environmental standards to mitigate any potentially adverse impact that PSF activities might have on communities and individuals. In particular, the PSF will focus on:

- **Grievance Redress Mechanism:** The PSF will establish a grievance redress mechanism (GRM) to provide an accessible way for individuals and communities to channel grievances to UNDP if they believe that a PSF activity had or is likely to have adverse effects on them or their community. The GRM enhances UNDP responsiveness and accountability by ensuring that grievances are promptly reviewed and responded to, and problems and solutions are identified by working together. Understanding when and how a GRM may improve project outcomes can help both the project team and beneficiaries improve results.
- **Labour and working conditions:** considering the labour-intensive nature of most of the potential PSF activities, attention will be placed to ensure compliance with national labour and occupational health and safety laws, and obligations under international law. Measures will be designed and implemented to address, among others: (a) identification of potential hazards to project workers, particularly those that may be life-threatening; (b) provision of preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (c) documentation and reporting of occupational accidents, diseases and incidents; (d) emergency prevention and preparedness and response arrangements to emergency situations.

More information on the application of all the social and environmental standards can be found in Annex 2. The project will regularly and proactively share information with development partners supporting the project, including on the progress and challenges of implementation and updates related to risk monitoring.

Resources Required to Achieve the Expected Results

The project is estimated to require a total of USD 20 million over a two-year period to meet its ambitious scope and to maximise impact on the lives of targeted populations. Managerial capacity, as well as technical expertise will be needed to ensure programming quality.

Partnerships

The Peace Support Facility will be coordinated closely between the Office of the Special Envoy of the Secretary-General to Yemen, the Office of the Resident Coordinator, and UNDP Yemen. Agile feedback mechanisms will be set up to rapidly and inclusively engage -as relevant and depending on the component of the Facility -with the parties to the conflict, local authorities, communities, youth, women and other stakeholders to assess need and identify programme priorities.

Peace support activities on the ground will be implemented in close partnership with local authorities, the private sector and civil society. Engagement will vary; local authorities, civil society and community-based organizations will play a key role in helping to identify priorities. The private sector will competitively bid for contracts.

The work of the Facility will be carried out in coordination and synergy with other relevant UNDP and other partner's interventions, such as those on rule of law and policing, demining, early recovery and local governance.

Stakeholder Engagement

A stakeholder mapping will be part of the first undertakings of the Peace Support Facility, in a participatory and inclusive manner, to ensure the representation of all groups including youth, women, marginalized and civil society actors. Stakeholders will be itemised in primary and secondary categories to devise specific engagement strategies for each, including individuals that may be indirectly affected by the project.

South-South and Triangular Cooperation (SSC/TrC)

The project will seek lessons learnt from other similar programming taking place in the region, such as in Iraq and Libya. Where possible, sharing of experiences and other forms of cooperation will be sought with countries/locations similar to Yemen's context.

Knowledge

Learning and knowledge management will form an essential and integral aspect of the project strategy. The project will establish a detailed learning plan, develop learning products and a mechanism to share and manage that knowledge. By adopting an adaptive management approach in line with the Country Programme Framework (2019-2021), the PMU will use information and learning to inform adjustments and corrective actions during the project cycle.

Sustainability and Scaling Up

The Facility will focus on supporting the implementation of the agreements reached by the parties towards deeper engagement by the parties in the negotiations process led by the Special Envoy and more sustainable and comprehensive peace and stability in Yemen. By nature, the Facility will have short-term objectives and a limited timeframe for implementation in order to create an early impact and to generate public support for the peace process. In the past, a failure to do this has resulted in the creation of a political and security vacuum that in turn has sometimes led to a reversion to armed conflict and undermined longer-term peacebuilding and recovery efforts aimed at the creation of a lasting peace conducive to development.

During the time frame for implementation, the focus of the Facility will mainly be on rapidly delivering a modicum of normalcy and a sense of optimism in the overall peace process. However, in order to ensure that a degree of sustainability can be assured in the longer term, local authorities and local communities are to be fully involved in the identification of priorities and, where possible, in capacity development activities for managing and sustaining the rehabilitated facilities and services.

In addition, by stimulating local private business, the Facility can also begin laying the foundation for employment and sustainable livelihoods, all of which can be subsequently built upon with longer term development programmes once a modicum of stability has been restored.

If early initiatives are successfully implemented at speed and stakeholders respond positively, the project is designed with the potential for rapid further scale-up to increase support to an ongoing process. This builds on UNDP's programming experience in immediate post-conflict environments, including Iraq and Libya.

IV. PROJECT MANAGEMENT

Project Management

The Facility will be directly implemented by UNDP Yemen, whereby UNDP takes on the role of Implementing Partner, under the overall guidance of the Steering Committee chaired by the Resident Coordinator. In Direct Implementation Modality (DIM) mode, UNDP assumes the responsibility for mobilizing and applying effectively all the required inputs in order to reach the expected outputs. UNDP assumes overall management responsibility and accountability for project implementation. In a complex environment like Yemen, DIM gives both the local partners and donors the security that funds are spent correctly on the right goods and services -with a focus on anti-corruption and accountability. The Facility will build on existing UNDP capacities and mobilize additional operational expertise in the areas of procurement, contracting, communications and monitoring.

The Facility will establish a Project Management Unit (PMU) headed by the Facility Manager and supported by a technical and operational team. The Facility will be given delegated authority to fast track programmes. To ensure rapid and high-quality implementation, UNDP will pre-qualify relevant service providers, primarily vendors, and enter into contracts and agreements with qualified entities. Service providers and vendors will be selected based on UNDP's established Rules and Regulations and will be directly accountable to UNDP in accordance with the terms of the agreements signed.

UNDP will ensure continuous monitoring and reporting. A mid-term and final evaluation will be conducted as per UNDP corporate requirements and guidelines. The Facility will be audited as per UNDP's Rules and Regulations and in accordance with the audit plans of the UNDP Office of Audit and Investigations.

Financial contributions can be channelled to the Peace Support Facility for Yemen and will be managed in accordance with UNDP's Financial Rules and Regulations, and in alignment with Donor Contribution Agreements.

Role of the PMU

The PMU will be hosted in UNDP Yemen Country Office (CO), with close ties with other CO units, and with project assurance being undertaken by the Peace Support Operations Unit. The PMU, supported by relevant CO units, will be responsible for the direct and day-to-day implementation of the PSF priority interventions and will therefore be tasked with a series of related functions, including but not limited to:

- Support the identification of priority interventions and assess their feasibility, in line with the governance arrangements and priority identification process as outlined later in this PSF project document;
- Conduct annual planning for activities and operational needs, and ensure effective and efficient operational and financial management;
- Deliver results by implementing activities as they contribute to the PSF priorities and outcomes/outputs. In this regard, select and oversee -where relevant- responsible partners and procure goods and services;
- Monitor results, operational performance and utilization of financial resources, and prepare related donor and corporate reporting;
- Assess and manage implementation risks, in collaboration with the RCO Operations and Compliance Unit;
- Work closely with the PSO unit which serves as a Secretariat of the PSF Steering Committee, including by providing necessary documentation and reporting for project board meetings;
- Conduct effective advocacy, communication and ensure donor visibility;

- Ensure coordination and avoid overlapping with relevant UNDP and partners' initiatives, and be responsible for communication and coordination with internal and external partners and stakeholders;
- Conduct effective partnership building, resource mobilization and donor liaison;
- Manage any relevant project revision and effectively close the project at the end of the implementation period.

PMU model and structure

Speed and efficiency of delivery are critical to implement time-bound, high-impact interventions that are at the core of the work of the PSF. The speed of implementation for PSF interventions depends on how efficiently, flexibly and adaptively UNDP can apply its key operational procedures for programme, procurement, recruitment, and financial payments.

Lessons learned and best practices from other complex UNDP projects show that efficiency and speed of interventions can be maximized if technical and operational staff can give undivided attention to the project. Therefore, the PSF will -depending on speed and volume of project size and scope- gradually adopt a "dedicated project team approach" (as opposed to a "shared services approach") that will also facilitate teamwork and ownership of the results. In this regard, the PSF Manager exercises control over the project resources, including funds, staffing, programme and technical matters, and is responsible for delivering on the project objectives, though subject to the specific institutional oversight mechanisms.

However, the PMU will maintain necessary linkages with the CO structure, which will provide the quality assurance and overall management direction and oversight through key senior staff – including the Team Leader of the Peace Support Operations unit, the Management Support Unit and the Deputy Resident Representative for Operations. The Resident Representative is ultimately responsible for delivery of the PSF and hence also responsible for additional allocation of common-service staff as required.

In addition, when the identified PSF priority interventions fall in areas of work where the CO already hosts projects and expertise, considerations will be made on how to ensure linkages and draw on existing capacities – while not derogating to the need of having dedicated staff in place.

Maintaining a dedicated project team bears cost considerations, however, as described above, this is essential for a rapid and efficient delivery which is an underlying principle of the PSF if effective support to the peace process is to be provided.

A second related and important lesson learned from other similar UNDP projects is to ensure sufficient staff levels from the early stages of the project. This is particularly important if it is expected that the project may rapidly and significantly grow. UNDP Yemen will seek the right balance between ensuring staff readiness and the risk of a slower growth in project size. In this regard, two measures will be applied:

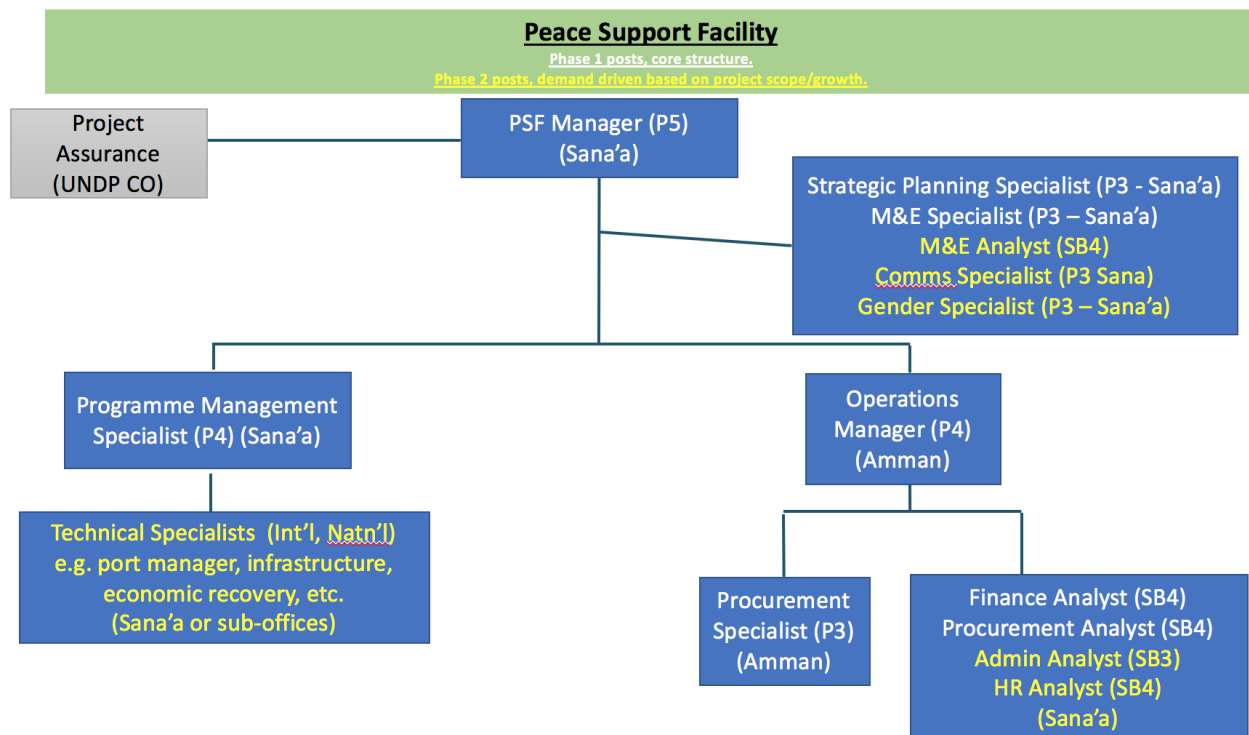
- Drawing from UNDP SURGE support to rapidly mobilize temporary capacities and expertise. This has been already successfully applied during the design and initiation phase of the PSF;
- Assigning existing CO capacities to support the project, drawing from an assessment of use of current human resources to maximize the time allocated to the PSF. Such adaptive measures will also ensure a gradual, balanced and appropriate transition to a well-functioning 'dedicated project team approach'.

PMU Organization and Staffing

In line with the above tasks and model, UNDP will bring together under the PMU both programme and operational capacities that will work jointly to ensure effective, efficient and swift delivery. The establishment of the PMU will follow a two-phased approach:

- Phase 1: setup of PMU initial structure, with recruitment of core staff to initiate and operationalize the PSF. The core team will be also able to roll out the implementation of the first PSF priority interventions, drawing on current CO capacities where needed, and to activate Phase 2 to equip the PSF with the relevant additional technical capacities;

- Phase 2: setup of the expanded and increasingly dedicated PMU structure, depending on the technical, operational and geographical human capacities required to implement the different priority interventions identified under the PSF.



Below is a description of the position included in the above diagram, the full Terms of Reference are annexed to this document.

- **PSF Manager (International - P5 level)** is based in Sana'a and is responsible for managing the Stabilization Facility and its timely implementation. S/He leads the project teams and provides guidance on the overall coordination with partners and donors. The PSF Manager is accountable to the Steering Committee for the implementation of the project. On a day-to-day basis the PSF manager reports to the UNDP Deputy Resident Representative, Programme.
- **Programme Management Specialist (International – P4 level)** is based in Sana'a and is responsible for the day-to-day management and monitoring of programme implementation. S/He ensures effective financial management and management of partnerships with implementing partners and donors.
- **Strategic Planning Specialist (International – P3 level)** is based in Sana'a and provides advice and support to the timely and conflict-sensitive implementation of the work of the Facility. S/He coordinates with UN partner entities and donors, substantively contributing to resource mobilization efforts.
- **Operations Manager (International – P4 level)** is based in Amman and leads the Facility Operations Team. S/He is responsible for all the operational aspects of the Facility, including financial and human resource management, efficient and fast procurement and logistical services.
- **Procurement Specialist (International – P3 level)** is based in Amman and is responsible for the effective, efficient and timely delivery of all procurement services of the Facility. S/He provides solutions for complex procurement issues and develops related strategies.
- **Monitoring and Reporting Analyst (National – NOB level)** is based in Sana'a and supports the results-based monitoring of interventions across the work of the Facility. S/He leads the regular corporate and donor reporting.

- **Procurement Analyst (National – NOB level)** is based in Sana'a and manages the procurement processes of the projects. S/he manages and processes procurement contracts, rosters of suppliers and duly implements the internal control system.
- **Finance Associate (National – SB3 level)** is based in Sana'a and is responsible for effective and transparent utilization of financial resources and integrity of financial services. S/He ensures the day-to-day management of project budget and proper control of accounts.
- **Administrative Analyst (National – G7/SB3 level)** is based in Sana'a and supports project implementation processes (such as procurement, recruitment, travel and payments), including administrative support.
- For this first phase, the PSF will draw on communication capacities of the UNDP CO. This also includes the **Communications Specialist** which has mobilised in SURGE capacity to support UNDP work of the Hodeida sub-office.

Phase 2

While staffing in Phase 1 can ensure the regular and effective initiation of any interventions, the PSF structure will expand according to specific technical and operational needs identified through the initial phase of implementation – according to the nature of priority interventions identified by the parties. The average cost of staffing in Yemen is relatively high, particularly due to security reasons, so important considerations will need to be made on how to achieve economies of scale as the programme grows in size.

Technical and operational needs can depend on:

- Specific technical expertise required (e.g. on port management, engineering, infrastructure, etc.);
- Focus on a specific region/governorate which might require deployment of dedicated staff in one of UNDP Yemen sub-offices;
- Increased size of operations which may require additional support and operational staff to manage the high-volume and number of transactions, processes and information;
- Need to have dedicated capacity to ensure management of cross-cutting and strategic issues (e.g. gender, conflict analysis/sensitivity, coordination, etc.).

As a result, the following position may be added to complement the PSF structure of Phase 1:

- **Technical Specialists (International – P3/4 level)** based in Sana'a or in a sub-office, and responsible for leading the implementation of interventions/projects that require a specific technical expertise (e.g. port management, livelihoods, etc.).
- **Engineers (National)** responsible for technical oversight and monitoring of any construction/rehabilitation work undertaken by the PSF.
- **Gender Specialist (International – P3 level)** based in Sana'a and responsible for providing gender expertise into PSF planning and programming, developing gender-specific activities and ensure gender-sensitive interventions.
- **Communications Specialist (International – P3 level)** based in Sana'a and responsible for planning, design and implementation of the Facility's communication and outreach strategies. The additional recruitment of national support staff may also be considered.
- **Human Resources Analyst (National)** responsible -in the event of a considerable expansion of the PSF structure -for the implementation of HR strategies and policies and effective support to human resource management.
- Additional **procurement, operations, M&E and project support staff** may be required to meet the increasing needs and volume of operations.

Cost Efficiency and Effectiveness

To ensure rapid and high-quality implementation, the PMU will pre-qualify relevant service providers, primarily vendors, and enter into contracts and agreements with qualified entities (e.g. private sector, NGOs, etc.) to assist in effectively delivering outputs. Service providers and vendors will be selected based on UNDP's established Rules and Regulations, to take advantage of their specialized skills and achieve high

quality results, mitigate risks and strengthen administrative efficiencies. Service Providers will be directly accountable to UNDP in accordance with the terms of the agreements signed.

The PSF will, where appropriate, benefit from and draw upon the successful partnerships that UNDP Yemen has already established with a number of organizations (e.g. PWP, SFD) to undertake works and activities at the local level. However, wherever possible, the PSF will award contracts directly to local companies to fast-track implementation and help invigorate local markets and the private sector.

Thanks to its dedicated staff, the PSF will also be able to conduct forward-looking planning for procurement, thereby recommending relevant long-term agreements and memoranda of understanding with private companies and consulting firms, and -where possible- pre-positioning and pre-procurement of equipment.

Use of conflict-sensitive procurement of goods, services and civil works will be important to help manage community tensions and improve the benefits accruing to the local economy. The PSF will consider enhancing and promoting local procurement by developing programs to train local businesses to produce goods and services that meet modern standards and requirements. Efforts will be also made to ensure that procurement is also conducted in Arabic in a process accessible to local businesses.

Finally, the new e-tendering system in Atlas offers a significant opportunity to bring web-based automation to the PSF and more particularly to manage bidding processes end to end. This system currently being rolled out to UNDP offices worldwide can provide bidder self-registration, improved confidentiality, improved audit trail & transparency.

V. RESULTS FRAMEWORK

| Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework: Outcome 3: Yemenis contribute to and benefit from peacebuilding processes (UNDP YEMEN Country Programme Framework 2019-2021) - <i>(for outputs 1 and 2)</i> Outcome 1: Yemenis contribute to and benefit from inclusive, accountable and gender responsive governance at local and central levels (UNDP YEMEN Country Programme Framework 2019-2021) - <i>(for output 3)</i> | | | | | | | | |
|--|--|--------------------------------|----------|------|---|----------|----------|--|
| Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets: Number of operationalised local peace agreements Baseline: 0; Target: 2 (Hodeidah and Taiz) | | | | | | | | |
| Applicable Output(s) from the UNDP Strategic Plan 2018-2021 UNDP Strategic Plan Outcome 3: Strengthen resilience to shock and crisis Output 3.1.1 Core government functions and inclusive basic services restored post-crisis for stabilisation, durable solutions to displacement and return to sustainable development pathways within the framework of national policies and priorities SP Output indicators: a) Proportion of displaced populations benefitting from durable solutions, disaggregated by target groups b) Number of people benefitting from jobs and improved livelihoods in crisis or post-crisis settings, disaggregated by sex and other characteristics c) Percentage of crisis-affected countries where critical benchmarks for local economic revitalisation (LER) are met | | | | | | | | |
| Project title and Atlas Project Number: Peace Support Facility (Atlas Award ID: 00118265) | | | | | | | | |
| EXPECTED OUTPUTS | OUTPUT INDICATORS ³ | DATA SOURCE | BASELINE | | TARGETS (by frequency of data collection) | | | DATA COLLECTION METHODS & RISKS |
| | | | Value | Year | End 2019 | Mid-2020 | End 2020 | |
| Output 1 | <i>1.1 # of initiatives agreed upon by the parties implemented</i> | <i>Reports from OSESGY/RCO</i> | 0 | 2019 | 1 | 2 | 2 | <i>Monitoring missions by project team</i> |

³ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

| | | | | | | | | |
|--|---|---|---|------|---|-----|-------|--|
| <i>The implementation of the Stockholm agreement or any other future agreement are supported through initiatives agreed by the parties</i> | 1.2 # of infrastructure rehabilitated | <i>PSF Progress Reports</i> | 0 | 2019 | 0 | 2 | 4 | <i>Monitoring missions to Hodeidah by Quality Assurance engineer</i> |
| Output 2 Discreet activities emerging out of Track II initiatives are implemented with the goal of catalyzing the political process. | # of recommendations emerged from Track II dialogues implemented | <i>PSF progress reports & Track II partner report</i> | 0 | 2019 | 0 | 1 | 3 | <i>Monitoring missions by project team</i> |
| | # of locations targeted by PSF peace-related interventions | <i>PSF progress reports & Track II partner report</i> | 0 | 2019 | 0 | 1 | 3 | <i>Monitoring missions by project team</i> |
| | # of people benefiting from improved services and living conditions | <i>PSF progress reports</i> | 0 | 2019 | 0 | 400 | 2,000 | <i>Monitoring missions by project team</i> |
| Output 3 Transitional governance and post-peace agreement arrangements are supported as and when the parties agree | <i># of transitional mechanisms supported by PSF</i> | <i>OSESGY reports and PSF progress reports</i> | 0 | 2019 | 0 | 1 | 1 | <i>Monitoring missions by project team</i> |
| | <i># of core institutions assisted</i> | <i>OSESGY reports and PSF progress reports</i> | 0 | 2019 | 0 | 0 | 1 | <i>Monitoring missions by project team</i> |
| Output 4 The Project Management Unit of the Peace Support Facility is set up and operational | <i># of PSF project staff recruited</i> | <i>UNDP human resource reports</i> | 0 | 2019 | 4 | 7 | 9 | |

*Given the complexity of the project and the evolving context, revisions of the indicators, baselines and targets will be made, and documented.

VI. MONITORING AND EVALUATION

Monitoring and tracking of results and trends is crucial for ensuring the effective and efficient use of resources. For this reason, dedicated human resources and budget will be allocated under the PMU not only for conducting reviews but for the collection, compilation and regular analysis of data pertaining to pre-selected indicators.

While the PSF full project document provides additional information on specific indicators and data collection, this section provides an overview of the role of the PMU in this regard. The PMU will be responsible for monitoring three main levels of the work of the PSF:

Level 1: System and processes

- Monitoring of the PSF 'approach' and systems, particularly looking at speed and efficiency;
- Monitoring of PSF progress (national level), particularly looking at its scale (number of PSF interventions, rate of resource mobilization).

Level 2: Field Monitoring

- Monitoring of project implementation, specifically looking at quality of work, progress against timeline, adherence to tender specifications (contractor performance).

Level 3: Result and Impact

- Monitoring the PSF progress against outputs and the contribution to the outcome and impact. This will be mainly based on the Results Framework as set out in the project document.

Overall, maintaining a clearly defined and targeted monitoring system will be key to enable the effective oversight of a potentially large and rapidly growing portfolio of projects. The PSF will focus on lessons learned and adapt the programming approach regularly based on successes and challenges experienced. This will be supported by reviews every 6 months overseen by the Steering Committee.

The PMU will adopt a mix of internal and external resources to carry out monitoring tasks. In the former, the PMU will be provided with dedicated M&E staff responsible for systematizing monitoring frameworks and analysing the data collected. In addition, depending on needs, engineers and field monitors may be recruited to be the direct "eyes and ears" on project sites, and regular staff spot checks will be conducted.

With regards to external resources, when appropriate the PMU will make use of Third-Party Monitors (TPM), drawing on the experience of UNDP Yemen with current types of TPM. The PMU may also consider the use of Geographic Information Systems to enable the management and reporting of data and information in a systematic, accurate, and visually attractive manner.

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

| Monitoring Activity | Purpose | Frequency | Expected Action | Partners (if joint) | Cost (if any) |
|---|---|---|---|--------------------------------|--------------------------|
| 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. | | |
| 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. | | |
| 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. | | |
| 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. | Every other year | Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance. | | |
| 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. | | |
| 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 | Annually, and at the end of the project (final report) | | | |

| | | | | | |
|--|--|------------------|--|--|--|
| | measures, and any evaluation or review reports prepared over the period. | | | | |
| Project Review (– Steering Committee) | The project’s governance mechanism (i.e., PSF Steering Committee) 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 Steering Committee 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. | Every six months | Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified. | | |

Evaluation Plan

| Evaluation Title | Partners (if joint) | Related Strategic Plan Output | UNDAF/CPD Outcome | Planned Completion Date | Key Evaluation Stakeholders | Cost and Source of Funding |
|------------------|---------------------|--|---|-------------------------|--|----------------------------|
| Final Evaluation | | Outcome 3: Strengthen resilience to shock and crisis | UNDP CPF: Outcome 3: Yemenis contribute to and benefit from peacebuilding processes; Outcome 1: Yemenis contribute to and benefit from inclusive, accountable and gender responsive governance at local and central levels; | Dec 2021 | National and local authorities; UN Agencies; Donors; International Community; Implementing Partners; | 30000; Project Funds |

VII. MULTI-YEAR WORK PLAN ⁴⁵⁶

| EXPECTED OUTPUTS | PLANNED ACTIVITIES | Planned Budget by Year | | RESPONSIBLE PARTY | PLANNED BUDGET | | |
|--|--|------------------------|-----------|---|----------------|--|-----------|
| | | Y1 | Y2 | | Funding Source | Budget Description | Amount |
| Output 1: <i>The implementation of the Stockholm agreement or any other future agreement are supported through initiatives agreed by the parties</i> Gender marker: 2 | Activity 1.1: Rehabilitation interventions for the ports of Hodeidah, Salif and Ras Issa implemented | 500,000 | 6,500,000 | UNDP CSOs/NGOs Netherlands Entreprise Agency (RVO) | Donors | -Supplies, goods and materials, equipment and civil works | 7,000,000 |
| | Activity 1.2: Mareb power plant assessed and rehabilitation initiated | 0 | 500,000 | | | | 500,000 |
| | Activity 1.3: Observation of existing ceasefire and de-escalation activities strengthened | 0 | 200,000 | | | - International and local individual consultants and service companies | 200,000 |
| | Activity 1.4: Monitoring of Hodeidah port revenues and other revenues (e.g. Mareb) enhanced | 0 | 300,000 | | | | 300,000 |
| | Activity 1.5: Assessment and implementation of other PSF Window 1 initiatives (e.g. Ma'alla Aden port) | 0 | 2,000,000 | | | -Training, Workshop and Conference, travel and communications | 2,000,000 |
| | Sub-Total for Output 1 | | | | | | |
| Output 2: Discreet activities emerging out of Track II initiatives are implemented with the goal of catalyzing the political process. | Activity 2.1: Rehabilitation of community infrastructure and services | 0 | 1,000,000 | UNDP CSOs/NGOs | Donors | -Supplies, goods and materials, equipment | 1,000,000 |

⁴ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

⁵ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

⁶ For management in the Atlas system, project management costs will be budgeted as a separate output.

| | | | | | | | |
|---|---|------------|--------------------------|------|--------|--|--------------------------|
| Gender marker: 2 | Activity 2.2: Local peacebuilding initiatives in targeted communities, with focus on inclusion, including of women and youth | 0 | 888,519 | | | and civil works - International and local individual consultants and service companies -Training, Workshop and Conference, travel and communications | 888,519 |
| | Sub-Total for Output 2 | | | | | | 1,885,519 |
| Output 3: Transitional governance and post-peace agreement arrangements are supported as and when the parties agree Gender marker: 2 | Activity 3.1: Support provided to operationalize transitional mechanisms agreed by the parties Activity 3.2: Support to strengthen core government functions | 0 0 | 1,000,000 500,000 | UNDP | Donors | - International and local individual consultants and service companies -Training, Workshop and Conference, travel and communications | 1,000,000 500,000 |
| | Sub-Total Output 3 | | | | | | 1,500,000 |
| Project Management | | 2,000,000 | 3,000,000 | UNDP | Donors | -Personnel (FTA, TA, SC, UNVs), travel and training | 5,000,000 |

| | | | | | | | |
|----------------------------|--------------------|--|--|--|--|--|---------------|
| Evaluation (as relevant) | AUDIT & EVALUATION | | | | | | \$ 130,000 |
| General Management Support | | | | | | | \$ 1,481,481 |
| TOTAL | | | | | | | \$ 20,000,000 |

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The Facility will be directly implemented by UNDP Yemen, under the overall guidance of the Steering Committee chaired by the Resident Coordinator, in consultation with the Special Envoy and stakeholders. The Facility will build on existing UNDP capacities and will mobilize additional operational expertise in the areas of procurement, contracting, communications and monitoring.

The project will be implemented by UNDP through DIM. In the DIM modality, which takes into account the institutional capacities, the legal setting and evolving situational context, UNDP is responsible for project implementation and works in partnership with national and local authorities, civil society, the private sector, the international community and UN sister agencies. The capacity of potential implementing partners and contractors will be assessed through standard UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board, the contribution shall be charged 8% cost recovery for the provision of general management support (GMS) as well as Direct Project Costs (DPC) for implementation support services provided by UNDP and/or an executing entity/implementing partner.

Project oversight and assurance

The Peace Support Facility will be governed by a Steering Committee which will hold executive and decision-making authority on the overall work, priorities and strategic directions of the Facility.

The Steering Committee, which will be chaired by the UN Resident Coordinator, in consultation with the Special Envoy and which will meet formally twice a year, will provide overall guidance to the Facility. The UNDP Resident Representative, as overall manager of the Facility, will also be a committee member, representing the implementing agency. The Steering Committee will also include donor representatives; stakeholders, including other parts of the UN system, will be invited as observers at the discretion of the chair. As the Governing Board, the Steering Committee will provide guidance on the basis of consensus when possible.

The Operations and Compliance Unit of the Resident Coordinator's Office will use its data and analysis capacity to support UNDP in the mitigation of fiduciary, political, social, security, military and reputational risks. As appropriate, risk assessments, which will be conflict-sensitive, will be shared with project stakeholders.

Under the delegated authority of the Steering Committee, the UNDP Country Office will play the role of project assurance for the project.

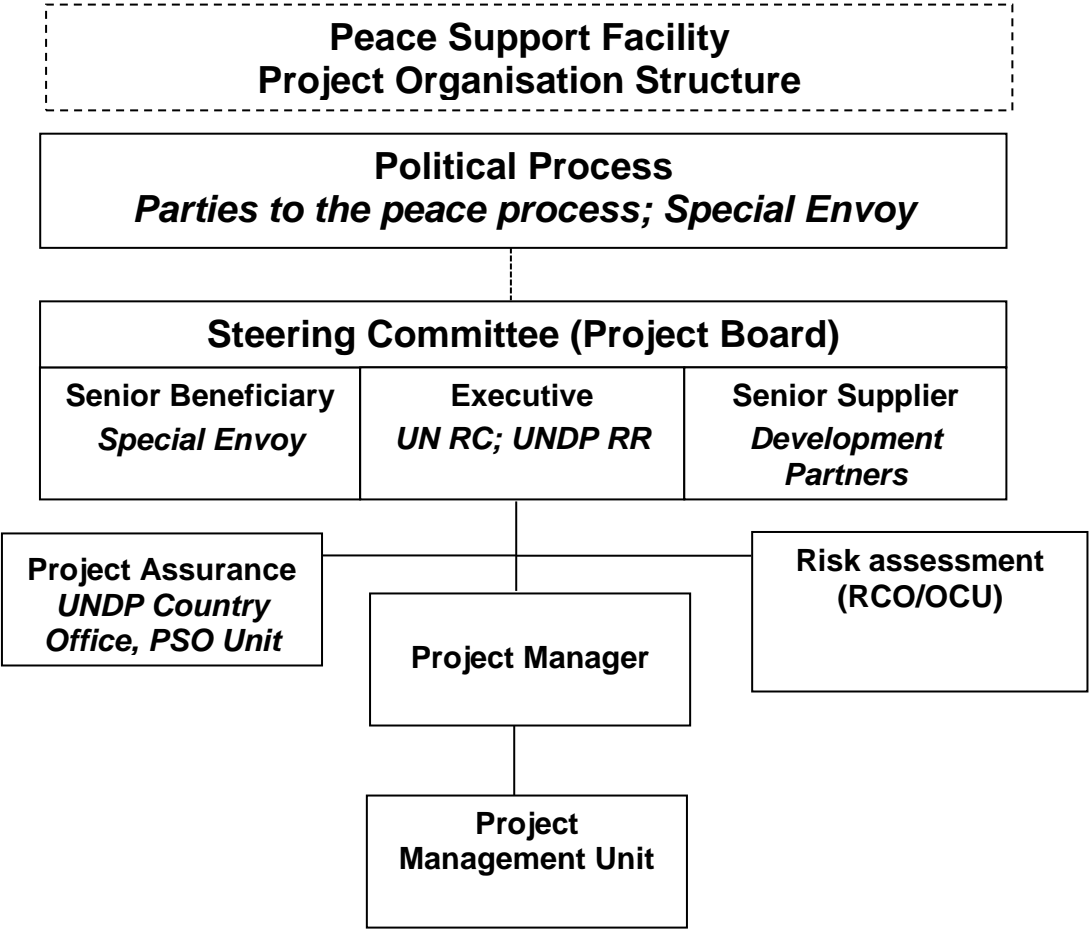
The following process will apply:

- Priorities will be discussed by the UN Special Envoy and the parties to the conflict or identified by the processes for components 2 and 3 as outlined above, in consultation with Track II partners and Steering Committee Members .
- UNDP's Project Management team and the Operations and Compliance Unit, and where necessary representatives of the Office of the Special Envoy of the Secretary General for Yemen, will conduct a due-diligence assessment of initiatives, examining feasibility, timelines, risks and estimated costs, passing recommendations upwards to the UNDP Resident Representative, the Resident Coordinator and the Special Envoy.

- Once due diligence is completed, the Facility will be green-lighted by the UN Resident Coordinator and UNDP Resident Representative to proceed with rapid implementation through the Project Management Unit.
- The UN Resident Coordinator and UNDP Resident Representative will be responsible for regularly updating the members of the Steering Committee on the status of initiatives selected for implementation and the status of ongoing initiatives.

The Steering Committee will meet informally on a monthly basis under the chairmanship of the UN Resident Coordinator or the UNDP Resident Representative, to share information and update on progress. UNDP will serve as the secretariat to the Steering Committee.

The governance structure of the project is presented in the diagram below.



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.”

This project will be implemented by UNDP (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

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]⁷ [UNDP funds received pursuant to the Project Document]⁸ 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/ag_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 UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability 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.

⁷ To be used where UNDP is the Implementing Partner

⁸ To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

- 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 sub-recipient 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 sub-recipients') 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.

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 sub-recipient 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.

- g. *Choose one of the three following options:*

Option 1: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient 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.

Option 2: Each responsible party, subcontractor or sub-recipient agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the 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.

Option 3: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient 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 responsible party, subcontractor or sub-recipient under this or any other agreement.

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 sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

1. Risk Analysis.

ANNEX 1: RISK ANALYSIS

| Description | Date Identified | Type | Impact and Probability | Countermeasures | Owner |
|---|------------------------|-------------------------|-------------------------------|--|---|
| Security conditions impede staff deployment, mobility, and face to face consultations with stakeholders | October 2018 | Security | P = 3 I = 4 | Establish remote management systems, delegate authority to national officers and review programme criticality | Project Manager |
| Residual risk of project implementation is assessed as too high | April 2019 | Political / Strategic | P = 3 I = 5 | Ensure parties recognise that implementation is predicated by the need for robust independent risk assessment | RC OESGY UNDP |
| In the absence of peace agreement, space for peace support activities remains limited | October 2018 | Strategic/ Political | P = 4 I = 3 | In consultation with the UN Special Envoy, fund initiatives in communities to help drive demand for a peace agreement | Project Manager RC UNDP |
| Perception by the parties of partiality and unfairness of project activities | April 2019 | Political / Strategic | P: 2 I: 4 | Close and regular coordination between RC, SE and UNDP RR to ensure equity of PSF interventions and gauge parties' acceptance. Introduce strong communications framework | RC OESGY UNDP |
| State institutions collapse due to the liquidity crisis and service delivery is weakened | October 2018 | Political | P = 3 I = 4 | Examine the impact of the crisis on civil servant salaries and operational budgets and consider incentive payments | Project Manager RC UNDP Management |
| Lack of resources and capacity undermine project implementation | April 2019 | Operational | P = 3 I = 5 | Ensure close dialogue and consultation with the Yemeni officials and other partners; invest in fund raising and fast track project recruitment | Project Manager RC UNDP |
| Local ownership by Yemeni partners is limited by lack of confidence in peace and the UN | April 2019 | Strategic/ Operational | P = 4 I = 4 | Secure agreement from authorities at all levels for stabilization; ensure local assessments are led by local authorities and involve counterparts in coordination fora; communications strategies include key local stakeholders | Project Manager RC UNDP |
| Escalation of protracted conflict renders project locations inaccessible | October 2018 | Political/ Security | P = 3 I = 4 | Monitor the security situation, reach-out to de facto authorities and change project sites if inaccessible | Project Manager |
| Families may restrict women from participating to cash-for-work activities | October 2018 | Operational | P = 2 I = 3 | Reach out to communities and deploy female field coordinators | Project Manager |
| Banks have low liquidity impacting payments to beneficiaries, partners and contractors | October 2018 | Financial | P = 3 I = 4 | Link with mobile banking and informal financial providers, and notify banks ahead of large payments | Project Manager |
| Lack of confidence or understanding on the PSF role, scope and principles among stakeholders | April 2019 | Political / Operational | P = 3 I = 3 | Clear communications with all stakeholders on the objectives, timelines of PSF interventions, to manage expectations. | Project Manager UNDP Communications |
| Recommendations emerging from Track II partners do not fit the scope of the PSF | February 2020 | Strategic/Operational | P = 2 I = 3 | Closely and regularly coordinate with Track II partners, OESGY and funding donors to jointly identify pipeline projects | Project Manager OESGY |

