

**PROJECT DOCUMENT****[Yemen]****Project Title:** Strengthening Institutional and Economic Resilience in Yemen (SIERY)**Project Number:** 00122248**Implementing Partner:** UNDP**Start Date:** 30 August 2020**End Date:** 29 August 2023**LPAC Meeting date:** 1 September 2020**Brief Description**

The **Strengthening Institutional and Economic Resilience in Yemen (SIERY)** project has been designed to buttress the resilience of local governance systems in Yemen. The Project is based on the assessment that, in a context of protracted conflict and massive population displacements across the country, which negatively affect women, children and youth disproportionately, the resilience and recovery of local populations cannot depend only on their self-help capacities or on foreign aid: it needs also local authorities to fulfil more effectively their mission, in terms of core functions, basic service delivery, emerging needs (conflict resolution, humanitarian aid, disaster management, internally displaced people) and economic recovery. Local authorities in Yemen have proven remarkably resilient in the face of the prolonged effects of the conflict but their situation is precarious. Further deterioration will have serious implications for the sustainability of aid and recovery and the viability of any future political settlement and transition. Moreover, the growing gap in terms of capacities, resources and outcomes of local governance systems between the different areas of the country creates severe institutional and economic resilience unbalances and opens up new conflict liabilities, thereby threatening to perpetuate the conflict. Therefore, local authorities in Yemen need structured and systematic attention and support to maintain, enhance and expand their performance. At the same time, small and medium enterprises (SMEs) and entrepreneurs are crucial for tracing new paths to more sustainable and inclusive growth, thanks to their role in providing employment and decent work for all as well as reducing income inequalities. However, they can only fulfil this role if there is an enabling institutional environment and they can obtain the finance necessary to start and grow their businesses.

SIERY is a 3-year initiative that aims to **improve economic and social wellbeing for Yemeni, in particular for the poorest and most vulnerable (overall objective)**. SIERY responds to some of crucial development challenges highlighted above and is fully aligned with the **EU's Global Strategy** which includes building resilience by supporting good governance, strengthening Humanitarian-Development Nexus and supporting Private Sector Development. The strategy pursued by SIERY rests on two components:

The **first component focuses on institutional resilience**, which caters for service delivery needs of local populations and considers the role that responsive and legitimate local governance can play in rebuilding peace and stability from below (specific objective 1). SIERY will provide district authorities with technical support and discretionary funding to devise and implement, in partnership with communities, the private sector and local influential actors, recovery plans, including basic service delivery, managing population influx, emergency responses, humanitarian aid and economic recovery, and to fulfil their missions in a more participatory, inclusive and accountable manner. SIERY will also foster the emergence of a nation-wide compact for recovering the Yemeni local governance system in a way that can support peace- and state-building. In line with the Agenda 2030, the imperative of **leaving-no-one-behind**, and in particular women, children and youth, by supporting innovative and effective approaches to address vulnerabilities in all aspects of local governance, is inherent to SIERY approach.

The **second component focuses on economic resilience** and aims to improve business environment for economy recovery and employment opportunities (specific objective 2). This component empowers private sector players (SMEs and microfinance service providers), working on selected value chains, for skills development, capital support, job creation, and employment. SIERY will rehabilitate or reconstruct community-prioritised infrastructure, support small and medium enterprises for the expansion and scale-up of businesses. It will enable and engage micro finance service providers and network, private sector or business associations and regulators to support producers, private sectors and local authorities to de-risk unstable market environment.

**Contributing Outcome (UNDAF/CPD, RPD or GPD):**

CPD Outcome 1: Yemenis contribute to and benefit from inclusive, accountable and gender responsive governance, at local and central levels.

CPD Outcome 2: Yemenis improve their livelihoods and access inclusive productive services

**Indicative Output(s) with gender marker:**

- 1) **Output 1.1:** Strengthened Local authorities' capacities to respond to community needs for services in an inclusive and accountable manner.
- 2) **Output 1.2:** Improved capacities of public services providers for scaling up the reach out to the most vulnerable.
- 3) **Output 1.3:** Strengthened central-local and horizontal relations between local governance stakeholders.
- 4) **Output 2.1:** Strengthened linkages/cooperation opportunities between MSMEs, private sector and MFIs involved in the value chains.
- 5) **Output 2.2:** Increased and de-risked access to financial services for economic agents in promising value chains.

All indicative outputs: GEM2

<b>Total resources required:</b>	<b>\$81,966,140.00<sup>1</sup></b>	
<b>Donor:</b>	<b>EU</b>	<b>EUR69,800,000</b>

Agreed by (signatures)<sup>2</sup>:

<b>UNDP</b>	
Auke Lootsma Resident Representative	Date: 18-Dec-2020

as

**ACRONYMS**

<b>BARC</b>	Business Advisory Resource Center
<b>BRAVE</b>	Business Resilience Assistance for Value-adding Enterprises
<b>COCA</b>	Central Organization for Control & Auditing
<b>COC</b>	Chambers of Commerce
<b>CGF</b>	Core Government Functions
<b>CPD</b>	UNDP Country Programme Document
<b>CSO</b>	Central Statistical Organization
<b>CSOs</b>	Civil Society Organizations
<b>DA</b>	District Authority
<b>DCDP</b>	District Capacity Development Plan
<b>DCT</b>	District Core Team
<b>DEO</b>	District Executive Office
<b>DFT</b>	District Facilitation Team
<b>DLDSP</b>	Decentralization and Local Development Support Programme
<b>DMP</b>	District Multi-stakeholder Platform
<b>D-SEO</b>	District Sector Executive Organ
<b>YECRP</b>	Yemen Emergency Crisis Response Project
<b>ERRY</b>	Enhanced Rural Resilience in Yemen
<b>FSAC</b>	Food Security and Agriculture Cluster
<b>GA</b>	Governorate Authority
<b>HRP</b>	Humanitarian Response Plan
<b>IRC</b>	Intermediary Representative Committee
<b>LAL</b>	Local Administration Law (Law 4/2000)
<b>MSMEs</b>	Micro, Small & Medium Enterprises
<b>MFIs</b>	Microfinance Institutions
<b>NDC</b>	National Dialogue Conference
<b>OESGY</b>	Office of the Special Envoy of the Secretary-General for Yemen
<b>PSC</b>	Private Sector Cluster
<b>PS</b>	Private Sector
<b>RLGD</b>	Rapid Local Governance Diagnostic
<b>SCPRP</b>	Social Protection for Community Resilience in Yemen Project
<b>SMEPS</b>	The Small and Micro Enterprise Promotion Service
<b>VCA</b>	Value Chain Approach
<b>YBA</b>	Yemen Business Association
<b>YLHS</b>	Yemen Livelihood and Human Security Project
<b>YMN</b>	Yemen Microfinance Network

## I. DEVELOPMENT CHALLENGE

The development challenge: The resilience of local authorities in Yemen to absorb the prolonged effects of the conflict, including the increased violence, destruction and political instability, and the disruption in the central government's (financial) support, is under threat. At the same time, in a protracted conflict situation as in today's Yemen, the resilience of local communities, and in particular of the most vulnerable to the conflict's impacts, depends to a large degree on the role played by local authorities and on the services they deliver. The discrepancies in terms of capacities and access to resources for service delivery and in the quality of local governance across the different areas of the country has reached unprecedented levels. It exacerbates the vulnerability of the most conflict-affected areas and creates new sub-national conflict liabilities. If Yemen's local authorities are allowed to fail, there will be little state capacity left across the country by the time there is a transition process to implement – which would highly jeopardize the chance of stabilizing the country and putting it back on a path to recovery.

In addition, local economies have also been severely affected. With rapidly diminishing income opportunities, negative coping strategies, including recruitment by armed groups, child labour and child marriages, are becoming more prominent. As a result, there is no platform to bring together public and private sector actors around shared and inclusive economic growth objectives and protect local economies from further decay and put them on a recovery track.

### 1.1. The context:

The current conflict in Yemen, with deep roots in the country's troubled history, broke out at the turn of 2015. The conflict has resulted in nearly 100,000 people killed, including 12,000 civilians,<sup>3</sup> and created the world's current worst humanitarian crisis. Over 3 million people are displaced, 24 million (or 80%) need humanitarian assistance and 14.3 million find themselves in a critical situation.<sup>4</sup> An untold number of Yemenis have died from second-order effects, including the collapse of the health system and shortages of food, water, and medicine. An estimated 2 million children have also dropped out of school since 2015.<sup>5</sup> Conflict, displacement, economic decline, and their fiscal and institutional consequences, have further eroded the capacity of the traditionally weak central Yemeni state to fulfil its core functions, and hampered its ability to address newly emerging one, such as humanitarian aid, disaster management, economic recovery, etc. In the likely scenario of continued and protracted conflict, the resilience of all local layers of Yemeni society needs to be strengthened. Support must go beyond humanitarian assistance and community self-help initiatives.

#### *The rise of the local*

The conflict has shaken the **distribution of power and resources in Yemen and has given more prominence to local authorities**, including decentralized branches of the central administration, in assuming core state functions (maintaining security, delivering services and raising revenues). Central authority has fragmented into different blocks competing to maintain and extend territorial control. At community level, homegrown or donor-driven<sup>6</sup> committees gathering various sectors of society have proliferated and have become effective spaces for collective decision-making and conflict management (while providing new avenues for women and youth participation).<sup>7</sup> These informal structures play an invaluable role in cushioning the impact of the conflict – but their limited organizational capacities and financial resources mean that they cannot, alone, prevent further degradation of living nor address collective action issues such as climate change, disaster management, internally displaced persons (IDPs) management and economic recovery. Formal local authorities at district and/or governorate level have endured<sup>8</sup>, and constructive collaboration between local authorities and local stakeholders is emerging, especially in humanitarian assistance and local conflicts resolution. Although the presence of *elected* local councils has been severely affected by the political crisis<sup>9</sup>, all other arms of local authorities persist. District authorities

<sup>3</sup> [Yemen Snapshots 2015-2019](#) (ACLED, 2019).

<sup>4</sup> OCHA. *Humanitarian Response Plan 2019*.

<sup>5</sup> OCHA Yemen (2019). *Humanitarian Needs Overview 2019*.

<sup>6</sup> Such as the Village Cooperative Committees (VCCs), established through the donor-funded Tamkeen programme of the Social Fund for Development.

<sup>7</sup> UNDP Yemen (2019). *Local Governance and Social Cohesion Interventions Assessment*. The Enhanced Rural Resilience in Yemen (ERRY) Joint Programme. Sanaa, 2019.

<sup>8</sup> The only such occurrence happened in Hadramout with the short-lived reign of Al Qaida in the Arabic Peninsula (AQAP) in 2015-2017.

<sup>9</sup> in the RLG sample, only 50% of the District Councils kept active. Rapid Local Governance Diagnostic, UNDP 2019.

have retained more resources and remain more functional than those at governorate level. The level of autonomy of local authorities in managing local affairs has increased in some areas, while fiscal recentralization is happening in areas under the control of De Facto Authorities (DFAs). The conflict has had the serendipitous effect of a more horizontal and integrated form of local governance with stronger coordination by local executives, in contrast with the siloed and top-down approach that prevailed before the conflict.

### *The resilience of local authorities*

Local authorities persist in all areas, but not everywhere in full integrity.<sup>10</sup> Significant differences in human and financial resources between districts and governorates, already prevalent before 2015<sup>11</sup>, have been exacerbated by the conflict. Logistical capacities have been affected badly (damage on buildings, loss of equipment).<sup>12</sup> Financial resources have been drastically reduced in areas where most violent conflict happened (e.g. Taiz). In DFA-controlled areas, state transfers are severely cut and local revenues are diverted to the central government budget.<sup>13</sup> In the South and East, district authorities have usually retrieved pre-2015 budget levels,<sup>14</sup> but investment capacity has dipped as salary expenditures usually take up more than 90 per cent.<sup>15</sup> In some cases, local authorities have been able to increase local revenue collection.<sup>16</sup> The size of the workforce has not been seriously affected size-wise. Staff absenteeism remains a serious issue for many local authorities (on average 30% of the staff report at work less than once a week, as per the Rapid Local Governance Diagnostic - RLGD). Absenteeism of local civil servants is mainly due to unpaid salaries, general failure of internal control systems, poor leadership and the limited means of local authorities to perform their functions. In the RLGD sample, district budgets per capita varied from a 1 to 25 ratio and their workforce density (per 100,000 people) from a 1 to 100 ratio. Resource levels are not logically allocated to the areas that need them most.

Trust in and legitimacy of institutions play a crucial role in the resilience of local authorities. Recent global research (ODI, 2017)<sup>17</sup> has shown that trust and legitimacy of state institutions in conflict-affected settings is not predominantly built by public goods and services delivered but much more by the *quality* of governance – particularly whether populations feel included and actively engaged in decisions and services that impact them. The partial collapse of central authority in Yemen implies that this relationship between trust and legitimacy has to be renegotiated, recalibrated and, ultimately, reconstituted in new formal mechanisms. There are significant challenges. Discretionary powers of local executives have grown. Opportunities for voicing people’s needs and interests have receded with the suspension of councils. Social accountability has increased but lacks institutionalized mechanisms. ‘Old’ and new marginalised groups (women, youth, IDPs) have gained greater access to community governance but are still excluded from formal decision-making. There are indications that the dissatisfaction of Yemenis with the quality of their local governance is increasing, fuelled by higher taxation and unsatisfactory service delivery.<sup>18</sup>

### *A collapsing economy*

The World Bank in 2019 estimated that economic output has contracted about 50 per cent since the outbreak of the 2015 conflict. Poverty rates have dramatically increased, with an estimated 81 per cent of Yemenis now below the poverty line – an increase of one-third since 2014. The 2019 Humanitarian Response Plan (HRP) states that at least 600,000 jobs have been lost. 12.9 per cent of the labour force<sup>19</sup> (but nearly 24 per cent for youth) is estimated to be unemployed. Agricultural production and fishing, employing nearly 70 per cent of the workforce, has shrunk by a third. In 2015, 26 per cent of businesses closed due to the war with

<sup>10</sup> i.e. the situation of local councils, which were before 2015 the only element of democratic control over local executives

<sup>11</sup> The “Functional and Operational Capacity Assessment of District Local Authorities (DLAs)” led by the MoLA in 2014, with support from the World Bank, highlighted already “*the high degree of heterogeneity between DLAs with regard to their capacities and performance [...] and the clear urban-rural divide with urban DLAs performing better on many dimensions—including access, human resources, sophistication, equipment etc.—on average*”.

<sup>12</sup> In areas surveyed by the RLGD, 60% of local authority offices had suffered damages related to the conflict on their premises and 64% considered that their current office and equipment was inadequate to their functions (UNDP, 2019).

<sup>13</sup> For example, in Hajjah Governorate, local authorities have reduced their expenditures by 70% compared to 2013 (RLGD, 2019).

<sup>14</sup> In the sample of governorates and districts surveyed for the RLGD, more than two-thirds (those under IRGY-control) had in 2019 the same or higher level of income and expenditures as in 2013.

<sup>15</sup> In the RLGD sample, investment expenditures have gone from 9% to 4% of district and governorate budgets (average).

<sup>16</sup> 67% of districts surveyed have increased their local revenues compared to 2013, with an average increase of 264% in Marib Governorate and 80% in Lahj Governorate (RLGD, 2019).

<sup>17</sup> See “Secure Livelihoods & Research Consortium” work on livelihoods, conflict & recovery (<https://www.odi.org/publications/10837-livelihoods-conflict-and-recovery-findings-secure-livelihoods-research-consortium>).

<sup>18</sup> In Hadramout Governorate, refusal to pay local taxes and fees is said to be increasing among the population, given the lack of visible improvement of local services.

<sup>19</sup> ILO, Small and Medium-sized Enterprises Damage Assessment: Yemen, 2018.

women-headed ones even harder hit (42 per cent). Government salaries are not, or highly irregularly, paid. Inflation is soaring and food and fuel prices have risen by respectively 150 and 200 per cent since the start of the conflict.

Severe exchange rate fluctuations and depreciation further undermine the Yemeni economy, which relies heavily on imports denominated in US dollars, and drastically undermines households' purchasing power. In 2018, the cost of a food basket increased by 60 per cent, and average food prices in 2019 were 150 per cent higher than before the conflict. Hundreds of thousands of families are being forced out of local markets, unable to purchase the necessities required to survive. As a result, an increasing number of households are resorting to *negative coping mechanisms* such as selling assets, reducing food consumption and clean water purchases and taking up debt.

In late 2018 Yemen's economy began to show fragile signs of stabilization. Available information suggests that gross domestic product (GDP) growth turned positive in 2018. Nevertheless, oil production, albeit increasing, remains significantly below the pre-conflict levels, while protracted hostilities and widespread destruction of infrastructure continue to interrupt economic activities, leaving many Yemenis without a regular source of income.<sup>20</sup> The private sector has shown higher resilience to cope with the war than the public sector. Between 2015 and 2016, the private sector contribution to GDP contracted 18 per cent compared to the public sectors 31 per cent over the same period. By continuing to operate, albeit at a reduced level, the private sector has remained an important source of income to millions of Yemenis.

The protracted conflict has given rise to a new 'conflict economy'<sup>21</sup>. Five years of protracted conflict has created a new political economy in which economic opportunities generated by war, conflict and disorder are playing an increasingly important role in the persistence of the conflict and the increasing intractability of finding a peaceful solution. Formal, informal and illicit types of economic activities have started to blend. Some of the 'negative coping mechanisms' mentioned above include involvement in this new conflict economy, creating, at different levels of society, a vested interest in the perpetuation of conflict and chaos. These new economic interests will act as active 'spoilers' and undermine peaceful and equitable governance at the local, regional and national level, becoming more intractable as time allows them to become solidly entrenched.

## 1.2. Problem analysis:

Strengthening the resilience of local authorities and local economies, is faced with several challenges. Below is a problem tree analysis organized around five key immediate issues plaguing local governance and local economic recovery in Yemen.

- 1) The gap between growing population needs for services, spurred by the humanitarian situation, population growth and movements, and climate change, and the capacities of local authorities to provide them, is widening.
  - **The logistical capacities of local authorities have been seriously affected by the conflict, coming after years of neglect.** Local governance was already in a derelict state before the conflict and have decayed further due to the lack of maintenance budget (the whole country) and severe infrastructure destruction (certain Governorates).
  - **Local resources are not adapted to resilience and recovery needs.** Financial resources available to local authorities are unsuitable to support the maintenance, expansion and improvement in service delivery, because they are insufficient and mostly spend on salaries, leaving little room for necessary investments.<sup>22</sup>
  - **Local revenue collection is not effective, organized or transparent.** Some governorates and districts have managed to increase their own revenues since the start of the conflict<sup>23</sup>. Not all taxes and fees allowed by law have been activated. Revenue collection is not always organized efficiently. Newly accruing revenues are managed with little transparency and can breed corruption.
  - **Diminished local service delivery capacity coincides with rising and broadening community demand.** Local authorities are called upon to provide services that go beyond basic service delivery

<sup>20</sup> Yemen Economic Update, October 2019, World Bank

<sup>21</sup> See the Chatham House Report (2019) on "Conflict Economies in the Middle East and North Africa" (<https://www.chathamhouse.org/publication/conflict-economies-middle-east-and-north-africa>)

<sup>22</sup> In the RLGD sample, 84% of governorates had seen their investment budget shrink (by 66% in average) and 89% of the districts (by 65%).

<sup>23</sup> 50% of governorates and 60% of the districts surveyed for the RLGD increased their revenues by more than 10% since 2013 (UNDP, 2019).

demand, such as managing the influx of IDPs, providing emergency responses to natural disasters, coordinating humanitarian aid and enable economic recovery. The persistent occurrence of endemic diseases, like cholera, diphtheria and dengue, and the looming Covid 19 epidemic, adds additional pressure on local authorities.

- **The distribution and management of human resources seems disconnected from service needs.** The local governance workforce remains rigidly organized, preventing redeployment to neediest areas.<sup>24</sup> Few local authorities can fill in gaps. Absenteeism compounds the issue. Staff have limited access to capacity development and technical guidance, even if certain sectors (e.g. education, health, water, electricity) are better off in this regard than others (agriculture, public works, trade).
  - **Absence of strategic and integrated resilience and recovery planning.** Very few territories have the necessary leadership, human capacities and time for engaging in multi-year recovery planning. Their capacity is undermined by parallel, uncoordinated programming of off-budget aid allocations, all concentrated on a few sectors.<sup>25</sup> Important areas for sustainable development (urbanization, climate change, local economic recovery) are neglected.
- 2) The quality of local governance (participation, inclusion, accountability) is suffering from the conflict and with its worsening, the little trust and legitimacy that remains in the population with state institutions is put at risk.
- **Links between communities and local authorities remain loose.** Community participation at different stages of the public expenditure cycle is more difficult to achieve with the disabling of local councils, the difficulty for staff of local authorities to visit communities and the huge gap between villages and district levels (135,000 villages for 331 district capitals). The emergence of organized community structures (such as Village Cooperative Councils - VCCs) has helped bridge this gap to some extent, but these structures remain marginal. Few local authorities engage with civil society organisation (CSOs) through predictable and effective coordination mechanisms. Most active local CSOs are project-driven and monopolized by the humanitarian response. Participation, when it happens, is also still mostly in the hands of adult men. The inclusion of marginalized groups (women, youth, IDPs, disabled, etc.) in formal decision-making levels is marginal.<sup>26</sup>
  - **A crisis of representation and separation of powers at the local level.** The prerogatives of local councils had already been limited to a ‘monitoring’ role by President Hadi in 2012. Their legitimacy suffers from the fact that their electoral mandate ended in 2011 and that they include limited political pluralism and almost no women. Local councils remain the main formal channel to exert accountability on local executives. Their role in resolving local conflicts is also paramount. There are very few attempts by local powers, especially in the South, to reactivate local councils or replace them with other mechanisms of citizen representation.<sup>27</sup>
  - **Accountability framework over local authorities are even weaker than before.** With greater autonomy of local authorities comes the risk of greater mismanagement of resources and corruption in a context of lower democratic, institutional and social oversight over the dealings and performance of local authorities. Greater autonomy and incentives for local authorities to collect revenues is not balanced out by much weaker administrative accountability frameworks embodied by the Ministry of Finance and the Central Organization for Control and Auditing (COCA).<sup>28</sup>
- 3) Increasing horizontal fragmentation and vertical divide:
- **Conflict and central state crisis widen pre-existing inequalities.** Difference in staffing, financial resources (central budget, revenues) and quality of governance between governorates and between districts are becoming unsustainable. They reinforce perceptions that the state actively promotes preferential treatment, a powerful driver of conflict. Inequality, previously driven and sustained by the rural / urban divide, is now compounded by the North / South divide, crisis-related population growth, leadership stability and revenue potential, among others.
  - **The central – local relation is in shambles.** Predictability, hierarchy and subsidiarity in the relationship uniting central government and local authorities have suffered severely from the conflict. While the Local Administration Law (4/2000), or LAL, remains the overarching organizing framework, the day-

<sup>24</sup> Secondments happen between departments but within the same location.

<sup>25</sup> Three-quarters of district authorities surveyed, and half of governorate authorities, complained about the unsatisfactory aid coordination situation and the fact that aid project often missed the most deprived areas and/or were not complementary enough of their own efforts (RLGD, 2019).

<sup>26</sup> *Local Governance and Social Cohesion Interventions Assessment*. The Enhanced Rural Resilience in Yemen (ERRY) Joint Programme. Sanaa, 2019.

<sup>27</sup> Two *Inclusive Consultative Structures* at governorate level are piloted in Dhammar and Hadramout Governorates with support of the Berghof Foundation.

<sup>28</sup> Only 15% of districts and governorates surveyed in the RLGD had had their accounts audited by the COCA since 2015 (UNDP, 2019).



to-day reality of central-local relations is affected by political tensions, mistrust, difficult communications and loosening of central oversight and technical support.

- **There is little cooperation among local governance stakeholders across governorates.** The lack of horizontal networking and joint actions between local governance actors across different areas of the country limits the potential for vigorous stabilization and recovery dynamics to emerge from below. Civil society has more opportunities, mostly organized by donor projects, to interact across governorates but no civil society advocacy platform exists yet. In the private sector, the Yemeni Federation of Chambers of Commerce and Industry (CCI) is attempting to re-establish a network of CCIs in the South to embark on developing an economic recovery vision and policy agenda. The lack of space given to local governance actors and matters in Track I of the UN-sponsored peace talks (Track I) is also counterproductive.

#### 4) The rise of rural poverty and collapse of livelihoods

- **Agriculture is a lifeline sector for over 60 per cent of Yemeni households.** Prior to the conflict, agriculture contributed 18 to 27 per cent of gross domestic product (GDP). This percentage is shrinking. An estimated 70 per cent of Yemeni population live in rural areas. Only half of these households own less than one percent of arable land while 40 percent are landless. The large size of households, limited income-generating opportunities and the current conflict all contribute to the increase of rural poverty.
- **Livelihoods assets have nearly collapsed, and negative coping behaviours are becoming more common.** Cereal and livestock production have fallen drastically in 2016 with 48 per cent decrease in cereal production and 45 per cent decrease in livestock production. Almost 80 per cent of agricultural households lack access to critical agricultural inputs such as seeds, irrigation systems and fuel and over 60 per cent of affected households lack access to animal feed such as fodder, concentrate, mineral blocks etc. and many have been forced to sell their herds to cater for other household needs.
- **With over 3 million Yemeni displaced, local economies are overstretched and no longer able to provide sufficient economic opportunities for the creation of livelihoods.** Although the distribution of IDPs in Yemen is highly uneven, and therefore only relevant to a relative small number of districts, the sheer numbers involved, combined with the protracted nature of the conflict, means that new opportunities for livelihood generation has to be created to avoid severe social and political repercussions.

#### 5) The private sector is struggling to survive in the conflict environment

- **Since the recent turmoil, over a quarter (26 per cent) of all enterprises in Yemen have closed due to war.** Most privately-owned establishments (95 per cent) in Yemen are classified as micro and small enterprises, employing less than five employees. The most affected have been women owned enterprises (42 per cent closure), including those operating in the vital health sector. As much as 95 per cent of closed businesses did so due to physical damages to the business enterprise due to armed conflict or airstrikes.
- **The overwhelming majority of businesses (73 per cent) have had no access to finance since the war broke out and just 14 per cent of enterprises have a loan.** Structural constraints in the financial sector and limited geographical outreach are contributing factors to an underdeveloped supply of financial services resulting in a widening 'missing middle' of SMEs and a high demand for additional credit facility by all businesses, as a recent survey in Sa'dah governate shows.

Other important **root causes** to the current situation need to be acknowledged. The resilience of the current local governance system is also determined by structural issues that largely predate the crisis and go back to the history of decentralization and public sector management in Yemen. The adoption of the LAL in 2000 has not led to genuine political, administrative and financial autonomy, perhaps suggesting that the letter of the law did not reflect the prevalent political order.<sup>29</sup>

The unfinished political transition in 2011-2014 on the re-organization of the Yemeni state with a major transfer of power to the local level (establishment of a federal state with 6 regions) has fuelled a *de facto* and highly locally driven decentralization process since 2015. Different local power holders have a different understanding (and interests) of what the NDC had recommended and have embarked on implementing certain provisions on their own. This contributes to the current highly fragmented and centrifugal local governance system.

<sup>29</sup> Although the need form, legalize and train VCCs, piloted by the SFD since the mid-2000's was recognized in Yemen's Local Governance Strategy in 2008, the presidential decrees necessary to implement this provision were never adopted.

Current governance structures also reflect the persistence of local traditional forces that remain strong in many parts of the country, perpetuating local values and paradigms often both at odds with traditional democratic modalities as well as providing unexpected and innovative opportunities to realize democratic principles – such as shared decision-making, broad inclusion or gender equality. Women participation in local governance, for example, is still heavily influenced by religious, cultural, social and political traditions that drive the roles, responsibilities and division of labour between women and men. Yemen ranks last of 149 countries analysed in the World Economic Forum’s gender gap index and last of 160 countries in UNDP’s gender equality index (0.834).<sup>30</sup>

---

<sup>30</sup> UNDP (2019), “Country Programme Document 2019-2021”, p. 4.



## II. STRATEGY

### *Overall strategy*

For parties to the conflict to reach a political agreement that will open the space for the stabilization and socioeconomic recovery of all Yemeni regions and communities, and for resuming transition to a new organization of the state, including through a possible federal system, will take time. In the meantime, it is critical to work with existing local governance and market structures and mechanisms to continue strengthening the resilience of basic and social service delivery, to increase livelihood opportunities for conflict-affected Yemenis, to support emerging longer-term recovery opportunities and to prevent further social divisions.

The proposed “Strengthening Institutional and Economic Resilient in Yemen Project” (SIERY, or the Project) is a 3-year initiative seeking to **ensure social and economic wellbeing for Yemeni, in particular for the poorest and most vulnerable (overall objective).**

The strategy pursued by SIERY rests on two components:

### **Component 1: Institutional Resilience**

In its approach to local governance, SIERY will work with and provide support to a range of local governance actors; yet, from an institutional point of view, the mainstay will be on supporting the resilience and responsiveness of local authorities. Governorate and district authorities need to be given a key role in stabilization and recovery, probably a much more prominent and effective role than they were ever given before in the running of the country’s development during “peaceful” times. Through effective and responsive local governance, a new social contract can emerge from below, resting on greater participation, inclusion and accountability and peaceful conflict management. The overall strategy for Component 1 is as follows:

- (1) **To empower local authorities to design and implement recovery plans that cater for expanded public services, especially those for women, children, youth and IDPs.** The main tools of this approach will be capacity development, financial injections and collaborative partnerships with representative local actors and communities, the governorate authorities and aid partners. The approach will also strive to prepare the local governance ecosystem for a more sustainable and broad-based social, economic and environmental recovery. This first approach will consist in two main components:
  - a. A modular demand-driven capacity development component: SIERY will provide capacity development through training and mentoring to governorate and district authorities, selected CSOs, community structures at sub-district level and private sector organizations. Priority will be put on equipping these actors with the necessary skills and processes for community engagement, collective action and collaboration, accountable public expenditure and project implementation, in a conflict-sensitive, inclusive and gender-responsive manner. SIERY will aim to emphasize anticipation, adaptation and agility in order to enable rapid responses to (health) emergencies, such as the Covid 19 epidemic
  - b. A multi-purpose Local Resilience & Recovery Fund component: in order to preserve and adapt the service delivery infrastructure to evolving needs created by the crisis, local authorities need urgently capital funds to fill the shortfall created by the reduction in central budget support. Funds are also needed to help recover from the conflict where sufficient stability already prevails (e.g. Marib, Hadramout) and deal with systemic issues such as random urbanization. Community-led initiatives for service delivery and social cohesion also need to be expanded and sustained in time as they are an indispensable part of resilience-building. The grants mechanism will include additional criteria to prioritize emergency responses, such as Covid 19.
- (2) **To foster the emergence of a national compact for recovery and reshaping the Yemeni local governance system to support stability, peace and state-building.** The second approach will use several parallel strategies to achieve this aim. Firstly, it will promote horizontal alliances and a community of practice among influential local governance actors from different parts of the country. Secondly, the approach will facilitate dialogues and deliberations of fiscal decentralisation. Lastly, it will support the re-establishment of an effective central-local relationship on administrative and

technical matters. The Project will also stand ready to support the work of the OSESGY in facilitating the peace negotiations.

## **Component 2: Economic Resilience**

In its approach to economic resilience, SIERY will work with formal and informal MSMEs through a value-chain approach as well as with public and private institutions responsible for building an enabling environment for inclusive local economic recovery, including financial institutions, chambers of commerce and, private sectors, business unions and local authorities. This approach can build stronger resilience of local markets and economic systems as a whole in the longer-term, and pave the way for faster recovery when the necessary conditions will prevail. The main objective of this component is to improved business environment for economy recovery and employment opportunities. It will be pursued as follows:

- (1) first, **analysing the value chains in promising sectors**, such as coffee, honey, horticulture, livestock, fisheries, and renewable energy. Maximum three sectors will be adopted based on the comparative advantages to strengthen the value chain through the intervention. This analysis will allow recognizing which activities are the most valuable and which ones could be improved to provide competitive advantage. The analysis will include three chapters. The first chapter assesses major constraints for value chain upgrading: market access restrictions, weak infrastructures, lacking resources and institutional voids. In the second chapter three elements of a value chain are defined: value addition, horizontal and vertical chain-network structure and value chain governance mechanisms. Finally, upgrading options are defined in the area of value addition, including the search for markets, the value chain- network structure, the partnerships and the governance form of the chain.
- (2) second, **strengthening a value chain approach by empowering producers, private sectors and microfinance service providers for skill development, capital support, job creation, and employment.**
  - a. Engaging value chain stakeholders from producers to consumers to create the demand and supply. The drop in disposable income has discouraged private sector actors from stepping up in the capital market except in energy and construction sectors (as per the Yemen Socio-Economic update in August 2019). The private sector has the potential to invest in promising sectors to improve productivity, including locally sourced health emergency products, which could lead to mass job creation and employment.
  - b. Supporting small medium service providers to the business sector, including for financial services: Conflict and war have significantly impacted the capital infrastructure of financial service providers. The commercial banks stepped up in offering the microfinance services. However, the cost of operation is high. There is a need to bring back the confidence of commercial banks to support the service providers and engagement of the private sector through capital flow.
  - c. Strengthening horizontal and vertical linkages between producers and the market by supporting the productivity gains in promising sectors. Coffee, honey, horticulture, livestock, fisheries, and renewable energy are major promising sectors. Maximum three sectors will be adopted based on the comparative advantages to strengthen the value chain through the intervention.
- (3) third, **recovering the market infrastructure, providing inputs and improving access to support small and medium enterprises for collective growth for the expansion and scale-up of businesses.**

Rehabilitation and reconstruction of important market infrastructure assets: Improve accessibility of SMEs by reducing transportation cost as well as increasing space for marketing and selling at a fair price is an essential component of the local economic recovery.
- (4) fourth, **enabling and engaging micro finance service providers and network, private sector or business associations and regulators to support producers, private sectors and local authorities to de-risk unstable market environment.**
  - a. Supporting microfinance service providers connect better with producers to reduce and mitigate high input costs as well as financial risks for SMEs (e.g. transportation costs, risks of theft). The high presence of these Hawala providers across the country means that the majority of communities live close to an exchange office, and so can access the service without incurring transportation fees. Institution such as Yemen Loan Guarantee can help MSMEs effectively in the expansion of their business across the value chain.
  - b. Supporting the Yemeni Private Sector Cluster (PSC) advocate for bringing back businesses: This will include support to main private sector bodies such as Chambers of Commerce in the

main governorates, specialized management organizations and business associations. The small and medium market infrastructure rehabilitation or reconstruction would support the above institutions in advocating with local authorities and institutions to enable the market environment.

### ***Logic of Intervention***

Local stability can be influenced by various factors, and local governance - including at community level - can greatly steer such process. It is commonly acknowledged that communities accompanied by functioning local authorities can positively contribute to local resilience, social cohesion and eventually stability. The international community also agrees that Yemen not only requires humanitarian assistance, which should be temporary by definition, but also a development effort that coordinates local resilience at community and institutional level, which should instead trigger sustainability. As a matter of fact, **self-reliant communities, effective local authorities and a lively private sector** are fundamental to respectively **enhance local resilience, the delivery of basic services and the creation of employment opportunities**. This action will strengthen local institutions and make them more inclusive, so that they will eventually be able to better deliver basic services – including education, health, water and energy supply – with the direct involvement of partnership organisations and the private sector.

This action will contribute to promote a more stable and peaceful environment in Yemen, with a special focus on the poorest and most vulnerable.

In view to do so, the EU's support will be twofold (institutional resilience and economic resilience).

Firstly, **IF** the individual and organizational capacities of local authorities' actors (with focus on district authorities) will be strengthened to better respond to community needs (*expected output 1*), and **IF** the capacities of public service providers, local authorities' premises, logistics and support seminal actions are improved via the Local Resilience and Recovery Fund so as to reach out to the most vulnerable (*expected output 2*), and **IF** central-local and horizontal relations between local governance stakeholders are strengthened about issues such as division of responsibilities, budgeting, revenue collection and management, human resources management (*expected output 3*), **THEN** institutional and socio-economic resilience will be increased in 40 Districts in the country (*Specific Objective 1*) **BECAUSE** governorate and district authorities will be given a key role in stabilization and recovery; public service providers will be able to provide better basic and social services; horizontal alliances will be reinforced and this will facilitate opportunities for a constructive and inclusive policy dialogue.

This will be achieved through (i) capacity development activities (training and mentoring to governorate and district authorities, selected CSOs, community structures at sub-district level and private sector organizations), (ii) provision of discretionary funding (via the Local Resilience and Recovery Fund to address local authorities' specific needs with a particular focus on the education and health care sectors), and via (iii) capacity development and logistical support activities addressed to the local governance stakeholders.

Secondly, **IF** linkages between the MSMEs, private sector and MFIs involved in value-chains are strengthened (*expected output 4*), and **IF** opportunities for economic agents to access financial services are increased (*expected output 5*), **THEN** a business environment for economy recovery will be improved together with new employment opportunities (*Specific Objective 2*), **BECAUSE** supporting MSMEs integrated in value chains provides the basis for boosting the creation of employment opportunities and for enabling a business environment for private sector development.

This will be achieved through (i) capacity building activities (business and technical skills development), (ii) the establishment of grant and loan facility support provision, (iii) the provision of business advisory services to MSMEs, (iv) the reconstruction and rehabilitation of infrastructures, provision of equipment grants, loans.

The above is achievable, provided that assumptions hold true, i.e. that the impact of the overall conflict does not worsen security extensively so that the majority of the targeted areas remain accessible; the turnover of government and local institution staff remains low; the current liquidity challenges and lack of salary for civil servants remains at a manageable level; the maintenance of rehabilitated infrastructure is ensured.

### ***Cross-cutting and mainstreaming***

In alignment with the **EU and UNDP common approaches**, the following constitutes the mainstreaming elements of the SIERY project:

- **Social cohesion:** streamlined through addressing conflict drivers at the community level, enhancing inclusion, fair community resource allocation and sense of belonging via participatory mechanisms of Community Development Committees and similar structures.
- **Gender Equality:** streamlined through strengthening women empowerment and inclusion at all stages of implementation considering the social and cultural barriers women face in Yemen.
- **Emergency responsiveness:** in response to the enduring vulnerability of the Yemen population to endemic and epidemic diseases, such as cholera, diphtheria, dengue and a possible outbreak of Covid 19, health emergency capabilities and resources will be streamlined and, if necessary prioritized in capacity development of public and private sector and grant allocation.
- **Environment and Social:** any activity that would involve rehabilitation or construction of assets will entail an environmental and social impact assessment. Environmental and Social Safeguard guidelines will be prepared and implemented. Moreover, project’s interventions on access to water (as one of important sources of conflict), will positively contribute to social cohesion and resolve conflict around water.
- **Conflict Sensitivity:** measures will be taken to avoid aggravating the existing conflict or creating additional sources of tension. Conflict drivers at the community level will be analysed and defused through support to mediation.
- **Sustainability of Results:** Resilience building aims to strengthen capacities and assets that enable communities, households and individuals to manage and sustain their livelihoods and developmental activities beyond the programme. By working with local and community institutions in civil society and private sector that can contribute to the objectives of the programme, it will strive to create a support network of institutions that communities can continue to access beyond the programme.

### **Guiding Principles**

SIERY is a single project resting on two components adopting a similar approach premised on the same principles.

- **Ecosystemic and holistic:** SIERY assumes that local authorities are part of local ecosystems, in which different actors and factors determine not only existing and emerging needs, be they political, social or economic, but also the effectiveness and success of providing for these needs. Given the broad diversity of such local ‘ecosystems’ in Yemen, this will require a careful calibration of activities per locality. And, given the broadening demand for public services, the Project will take a holistic approach to the functions of effective local governance in Yemen and incorporate a broader job description, including the responsibility for an enabling environment for economic recovery. An ecosystemic approach also assumes that local governance, in order to perform, needs to balance the interest of different local actors.
- **Flexibility and modularity:** the extent and nature of the capacity development support provided by the Project to the different targeted stakeholders, the modalities and amounts of financial support provided to strengthen service delivery and private sector, the value-chains privileged for integrated skills development and financial services, etc. will be adapted to local realities. The Project will work across different areas of the country exposed to distinct levels of conflict intensity, governed by different political and institutional frameworks, belonging to different livelihood zones<sup>31</sup> and displaying different strengths and weaknesses in terms of institutional and economic resilience and recovery. This modular and multi-area approach is driven by four key dichotomies:

a – **Resilience to Recovery:** SIERY will cater to both resilience and recovery needs of local institutions and local economic actors. The table below shows examples of actions relevant for each track in relation to service delivery, local governance and economic livelihoods.

Domain	Resilience Track	Recovery Track
<b>Local governance</b>	<ul style="list-style-type: none"> <li>- Refurbish local authority facilities and replace looted / lost equipment</li> <li>- Participatory service delivery audits</li> <li>- Training on basic collaborative planning and delivery skills</li> </ul>	<ul style="list-style-type: none"> <li>- Capacity development in public expenditure management</li> <li>- Accountable management of local resources</li> <li>- Multi-stakeholder platforms for recovery planning and implementation</li> <li>- Upgrading urban management tools of local authorities</li> <li>- Capacities of local actors for local economic recovery planning and</li> </ul>

<sup>31</sup> Yemen consists of 14 different “livelihood zones”, i.e. geographic areas where people share similar access to food, income and markets (see <http://fews.net/east-africa/yemen/livelihood-description/april-2011>).

	- Crisis response coordination and monitoring mechanisms	business services to help private sector recovery.
<b>Service delivery</b>	- Rehabilitating / re-equipping damaged infrastructure - Adding floor space and facilities (e.g. latrines) to existing infrastructure to cope with rapid and temporary demand surge (IDP hosting areas) - Small access & rural roads - Restore access to water and energy - Redistribute / increase staff to follow shifting needs	- Building new or rebuilding completely destroyed infrastructure - Larger scale public works (e.g. new roads, markets, small bridges) - Water storage tanks, chlorination facilities, treatment plants - Train service staff to reach higher quality standards
<b>Economic Livelihoods</b>	- Value chain approach (VCA) for market services (finances, technology, inputs & supplies) - Need based skills development. - Employment and employability track approach to strengthen value chain. - Capacity-building support for existing producers' association. - Provision of Grant and Loan through commercial banks, Yemen Loan Guarantee Scheme and MFIs for micro small medium enterprises (MSMEs) survival and creation.	- Rehabilitation or reconstruction of market infrastructure - Provision of input to improve market support facilities for producers to improve productivity - Strengthening Microfinance Institutions (MFIs), business associations and private sector networks to support the productivity of promising sectors.

**b – Rural to Urban:** A broad perspective on stabilization and recovery is adopted, whereby rural and urban territories can benefit from each other's recovery. Cities are cradles of economic activity and can pull with them rural areas on a path to recovery. They are also often laboratories for innovations in local governance, especially in terms of participation and social. Moreover, urban areas concentrate most of the displaced (rural) population, and their absorption capacities are threatened to be overwhelmed. The Project will therefore have a balanced approach by targeting rural, peri-urban and urban districts.

**C – Local to Central:** The Project assumes that all tiers of government and economic activity are interdependent and that therefore all levels need to be addressed. If SIERY's focus is mainly on the district, the Project will also strengthen linkages up and down from that level. It will invest in building capacities of lower-level governance actors (e.g. sub-district committees) and economic agents (e.g. microfinance service providers) as well as higher-level ones (governorate authorities, chambers of commerce and industry, business associations, financial institutions, central ministries).

- **Experiential learning:** SIERY will emphasize a strong link between capacity development and action. Core competencies and collaborative capacities will be immediately put into practice, if necessary supported and scaffolded, but never replaced by external parties (unless it concerns non-core technical knowledge). Curriculum and training will be under constant evaluation to enable tailoring to local circumstances.
- **Partnership and collective action:** the Project facilitates in all its actions and at all levels that local public, civil society and private sector actors, across government and business sectors, and at different levels (governorate, district, sub-districts, communities) work hand-in-hand to achieve tangible resilience and recovery results.
- **Do-No-Harm:** the Project will seek to avoid contributing inadvertently to fuelling conflict drivers by sticking to recognised principles for do-no-harm by; maintaining a close and dynamic understanding of the context in each target location; keeping equality of participation across community divides, and; incorporating adequate consultation and communication with the main concerned stakeholders (including informal and traditional actors) and communities at large. The same approach and attention overall will be applied to areas under the DFAs' control as to areas governed by the IRGY.
- **Targeting vulnerabilities:** SIERY will adopt a rigorous mainstreaming approach to **addressing the needs and rights of the most vulnerable groups** in the current crisis context (women, children and youth, disabled, IDPs and *muhammasheen*). Emphasis will be put on; helping these groups achieve better representation in decision-making mechanisms; making services more accessible to them; responding to their specific needs and on creating suitable livelihood opportunities, be it as employees or MSME owners. Problem analyses conducted with local actors will systematically incorporate a vulnerability lens, including for gender equality, and specific responses, in terms of local policies, capacity development, project funding, MSME grant and credit, skills development, will be devised to address the needs of these groups.
- **Local ownership:** through the National Project Board; through the provision of discretionary funding to district-level multi-stakeholder platforms for funding service delivery needs (rather than predefined

sector-based grants); through the provision of MSME capital in a variety of value-chains adapted to each local context; through the day-to-day involvement of counterpart institutions in project decisions and; through resorting to Yemeni experts and service providers for all capacity development interventions.

### *Overall Theory of Change*

Building upon the problem analysis presented in Section I, UNDP will pursue two main **areas of intervention**.

1. Institutional Resilience
2. Economic Resilience

Reducing vulnerability, including gender vulnerability, is considered a cross-cutting intervention that is reflected in all two components and six outputs.

Project support through technical advisory, process facilitation, capacity building and financial inputs should result into **shifts in capacities and conditions** in the local governance and local economic spheres, as below:

Capacities for resilient service delivery and recovery: district authorities will work more closely with representative community structures, incl. those at sub-district level, for planning, prioritization, grievance-handling and monitoring. Public expenditure management (including revenue collection) will become more participatory, gender-responsible and transparent, and local authorities will be able to implement cost-efficient measures to respond to the needs of the most vulnerable. CSOs will be better able to play their role in increasing social accountability over local authorities. All concerned local governance stakeholders will be more conflict-sensitive in fulfilling their respective missions. As an overall output, **local authorities will become more responsive to community needs, demonstrate increased inclusiveness (in particular for women and youth), manage service delivery more accountably and help more effectively to restore social cohesion**.

- 1) Local resilience and recovery funding: increased amounts of discretionary funding will be available to platforms of local actors, including district and governorate authorities, civil society, community representatives and the private sector, to support priority project they will have identified inclusively, using regular public expenditure mechanisms. This will contribute to more resilient service delivery (with special attention to the education sector) and socio-economic recovery. As an overall output of this area of intervention, **accessibility to key services and socioeconomic recovery opportunities, especially for vulnerable groups, will increase**.
- 2) Central-local and horizontal relations: rapid improvements will be made to the regulatory environment organizing central-local relations to alleviate identified bottlenecks in enhancing service delivery and to recognize the *de-facto* increased autonomy of local authorities. Central ministries (MoLA, MoPIC, MoPW, MoEDU) will be able to provide better oversight of the situation of service delivery and local authorities on the ground and adapt their policy and technical guidance accordingly. They will also be better able to support gender- and vulnerability-responsive service delivery. More horizontal single-actor or multi-actor platforms for local governance stakeholders will be established or energized, benefitting from the experience of regional and international peer networks, and will be able to influence how local governance is addressed in the peace process. As an overall output of this area of intervention, **a more enabling institutional and policy environment to expand stabilization across the country and rebuild a new central-local compact, will prevail**.
- 3) Capacities for value chain approach: A grant support would be provided under the existing mechanism set up by SMEPs support to MSMEs to expand their business. The linkage between MFIs and MSMEs would be developed as confidence building measures. This would also support MSMEs to formalize their businesses under the existing regulatory framework. The grant would be based on the need-based proposal by MSMEs for the selected promising sectors. As an overall output of this area of intervention, the horizontal and vertical linkages between MSMEs and MFIs **would help expand businesses, create more jobs, employment through the linkages between MSMEs and MSPs**.
- 4) Market systems facilities and infrastructure for scaling up productivity and income: rehabilitated and enhanced large scale market system and facilities such as access, market centers, storage capacities, will contribute to improve productivity. In addition, through the grant support mechanism of MSPs, private sectors will be encouraged to rehabilitate small and medium scale market facilities based on the gap or bottlenecks identified from value chain mapping and assessment. As an overall output of this area of intervention, **the MSMEs and other actors will see improved productivity across the value chain**.



### *Synergy and collaboration*

The two components of the Project are intimately integrated at all levels (goal, outcomes, outputs, actions, approach and management).

- The institutional and economic resilience component share the overall *goal* of strengthening the resilience of Yemeni communities against the debilitating impacts of the conflict on their livelihoods, be it for their social, economic or environment needs, and buttressing their capacities to recover inclusively in the longer-term.
- At the *outcome* and *output* level, the local governance component focuses on strengthening the capacities of local authorities to provide, in a collaborative and inclusive manner, for (basic) public services, including the establishment of an enabling environment for economic recovery. The economic component capitalizes on this enabling environment to revive and help recover, in close collaboration with the local authorities and other actors in the ecosystem, local economies and jobs, with a focus on the most promising sectors, through the provision of know-how and funding to private sector actors and communities.
- At the *activity* level, the economic component and the local governance component will join hands in supporting better local economic development planning and budgeting, in improving the regulatory environment for local businesses, in co-funding important market / economic infrastructures and in fomenting public-private partnerships, in particular in the area of service delivery.
- Both components adopt the *approach* of ‘local governance and development *ecosystems*’ whereby local public, civil society and private sector actors, across government and business sectors, and at different levels (governorate, district, sub-districts, communities) need to work hand-in-hand to achieve tangible resilience and recovery results. This joint-up approach will become most tangible in the prioritisation and allocation of the LR2F grants actions.
- Both components will be *overseen* and *managed* by one Chief Technical Advisor/Project Manager, who will be responsible for implementing foreseen synergies and promoting emerging opportunities for collaboration.

### *Links to national development priorities*

The proposed project interventions are aligned with the policy of the Government of Yemen on resilience, as expressed in a number of policies and strategies (National Agriculture Sector Strategy 2012-2016, National Food Security Strategy 2011-2020, National Strategy for Renewable Energy and Energy Efficiency 2010 - 2025). The lack of resources and collapse of institutions due to the conflict have prevented a significant progress in implementing these strategies and updating their content based on the impact of the current conflict.

The Yemeni Minister of Planning and International Cooperation (MoPIC) has recently presented in April 2019 the "Reconstruction and Economic Recovery Plan" which sets the urgent priorities for the country. The Plan identifies the following priorities: 1) reinvigorating the state institutions and restoring security & political stability; 2) responding to the humanitarian needs of the conflict affected groups; 3) restoring the provision of basic services; 4) restoring stability, macro-economic recovery & creating jobs; 5) reconstruction of damaged infrastructure. SIERY Project will contribute directly to achieving priorities # 1, 3, 4 and 5.

Similarly, the De-Facto Authorities in the North have drafted a "Needs Plan for 2019" which focuses on four strategic goals: 1) Life-saving and alleviating the suffering of the most vulnerable people in Yemen through providing effective and targeted services; 2) Increasing community resilience and improving livelihoods to access basic services; 3) Supporting local authorities and service institutions to be able to respond to emergencies; 4) Responding, mitigating and addressing protection needs. SIERY Project will contribute to priorities # 1, 2 and 3.

Recent specific strategies on state building or local governance are under preparation by the IRGY and the DFAs. In the meantime, a very recent series of policy papers prepared by Yemeni experts (*Rethinking Yemen*)<sup>32</sup> outlines also the importance of supporting the resilience of local governance and thinking about its role in future transitional arrangements. These experts call to “*empower local government by devolving*

<sup>32</sup> Sana’a Center for Strategic Studies (2019). “[Transitional Government in Post-Conflict Yemen](#)”. Sanaa Center with DeepRoot Consulting and CARPO (Center for Applied Research in Partnership with the Orient), with funding from the Eu and the Kingdom of Netherlands.



*greater authority to local government bodies” and “put in place mechanisms to evaluate and hold accountable local authorities for their performance and service provision”.* It also suggests conducting a “comprehensive assessment to identify groups and individuals in control at the governorate and district levels and evaluate [...] their capacity to provide public services”. This forms part of SIERY’s approach (Output 1 and 2).

SIERY project will draw on lessons learned by SFD’s work with community engagement and local authorities during 2018 and 2019, where relevant. In particular, the *Tamkeen* initiative has developed and practiced procedures to distribute sub-grants to (sub-) district authorities and support them implementing projects.<sup>33</sup> *Tamkeen* was successfully carried out in 16 districts that were already engaged by the EU funded projects ERRY and SPCRP. SIERY will explore how its emphasis on district authorities can be aligned and scaled up with Tamkeen’s focus on sub-districts.

### ***Linkages to the EU policies and priorities***

The **EU's priority** is to safeguard the medium- to long-term prospects of Yemeni citizens by preventing the collapse of institutional and economic structures. The SIERY project is **fully aligned with the EU policies** and priorities as follows:

**Resilience:** Building resilience of states and societies by supporting good governance, accountable institutions, and working closely with civil society is a **key objective of the EU Global Strategy**<sup>34</sup>. In June 2017, the High Representative and the European Commission launched a Joint Communication to the European Parliament and the Council: A Strategic Approach to Resilience in the EU's external action. It recognises the need to move away from crisis containment to a more structural, long-term, non-linear approach to vulnerabilities, with an emphasis on anticipation, prevention and preparedness. The **EU's resilience approach** expands to address state, societal and community resilience. As underscored by Commissioner Mimica in his address to the Scaling Up Nutrition Lead Group meeting at UN General Assembly (September 2017), the **EU’s strategic focus on resilience necessitates** “a more joined up and nutrition sensitive approach to development and humanitarian assistance” with “nutrition as the engine that will drive our success across the entire Sustainable Development Agenda”.

**Humanitarian-Development nexus:** As highlighted by the EU Director General for International Cooperation and Development, “Strengthening the humanitarian-development nexus is critical in the fragile context”. This is one key aspect ‘of the broader concept of resilience that the EU is set to promote in 2017 through the joint COM/HR Communication<sup>35</sup>’. Commission services, namely the Directorate-General for International Cooperation and Development (DEVCO) and the Directorate-General for European Civil Protection and Humanitarian Aid Operations (ECHO) will increase cooperation in Yemen in line with the Council Conclusions on “Operationalising the Humanitarian-Development Nexus” of 19 May 2017. The SIERY project will allow DEVCO and ECHO to develop a basis for humanitarian and development planning and programming, and explore the feasibility of a Joint Humanitarian and Development Framework (JHDF) including potential EU Member States.

**Private Sector Development:** The overarching goal of the **European Union’s efforts** aimed at private sector development is to engage this sector in the fight against poverty, and to support the private sector in its role as a driver of job creation, a provider of goods and services and a generator of the public revenues needed to underpin economically, socially and environmentally sustainable development. The **EU’s approach** to strengthening the role of the private sector in inclusive and sustainable growth is laid out in its 2014 Communication “A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries”. This approach aims to a number of policy goals and objectives, including finding new ways to harness the potential of the private sector as a financing partner, implementing agent, advisor or intermediary to achieve effective and efficient delivery of EU support; supporting Access to Finance and financial inclusion (microfinance) for enterprises, particularly for micro, small and medium enterprises (MSME); providing support to governments in designing institutional, organisational and regulatory frameworks that are conducive to private sector development and ensuring that the private sector has the

<sup>33</sup> *Tamkeen* has covered 119 districts in 19 governorates in Yemen both rural with more than 7,200 Village Cooperative Councils (VCCs) in rural areas and Urban-semi-urban with more than 600 Sub-district Development Committees (SDCs) and neighbourhood Community Development Councils (CDCs).

<sup>34</sup> EU, A Global Strategy for the European Union's Foreign and Security Policy, 2016

<sup>35</sup> 20 January 2017, Note from the Director-General on the ‘New Approach to Linking Relief, Rehabilitation and Development (LRRD)

human resources it needs, through support for improved workforce skills and vocational training; supporting the development of a dynamic business sector, as a basic pre-requisite for economic growth, poverty reduction, income generation and the creation of decent jobs for all, including women and young people; Promoting Sustainable and Responsible Supply Chains, to ensure that workers' interests are protected when engaging the private sector in development processes; helping to improve the business and investment climate, especially for MSMEs; promoting the private sector as a key driver in priority areas that have a strong multiplier impact on development, such as agriculture and energy.

### III. RESULTS AND PARTNERSHIPS

#### Expected Results

The project will contribute to:

- **Sustainable Development Goals.**  
**Goal 1:** End poverty in all its forms everywhere; **Goal 4:** Quality Education; **Goal 5:** Gender Equality; **Goal 8:** Decent Work and Economy Growth; **Goal 16:** Peace and Strong Institutions.
- **UNDP Strategic Plan (2018-2021) Outcome 3:** Strengthening resilience to shocks and crisis
- **Yemen CPD Outcome (July 2019-June 2021):**  
**Outcome 1:** Yemenis contribute to and benefit from inclusive, accountable and gender responsive governance and local and central  
**Outcome 2:** Yemenis improve their livelihoods and access inclusive productive services

Based on the Logic of the Intervention and the overall Theory of Change, the project has derived the following result chain:

<b>IMPACT</b> most vulnerable	To ensure economic and social wellbeing for Yemeni, in particular for the poorest and most vulnerable
<b>OUTCOME 1</b>	Increased institutional and socio-economic resilience in targeted districts in Yemen
<b>OUTCOME 2</b>	Improved business environment for economy recovery and employment opportunities
<b>OUTPUT 1.1</b> <b>Indicators</b>	<p><b>Strengthened Local authorities' capacities to respond to community needs for services in an inclusive and accountable manner</b></p> <p>1.1.1. Number of gender-responsive District Capacity Development Plans [developed/implemented] with support of District Facilitation Teams with support of the EU-funded intervention;</p> <p>1.1.2. Number of Sub-District Committees (or equivalent) in target areas that are connected to district authorities through formal arrangements for managing service delivery and conflict resolution;</p> <p>1.1.3. Number variation of average attendance rate of staff working in district authority offices;</p> <p>1.1.4. Percentage of women and youth [18-35] among participants of training activities of the project with increased knowledge/skills, disaggregated by sex, age;</p> <p>1.1.5. Percentage of District Authorities with fully functional Women's Affairs Units.</p>
<b>OUTPUT 1.2</b> <b>Indicators</b>	<p><b>Improved capacities of public services providers for scaling up the reach out to the most vulnerable.</b></p> <p>1.2.1. Percentage of women seating in representative structures (Sub-district Committees, District Recovery Platforms)</p> <p>1.2.2. Number of gender-responsive recovery plans (a) for service delivery (district), (b) for local economy (governorate), [developed/amended/adapted/implemented] with support of the EU-funded intervention</p> <p>1.2.3. Number of local authorities' representatives trained in capacity development and educational planning with increased capacities with support of the EU-funded intervention, disaggregated by sex, type of local authorities, specific topic of the training</p> <p>1.2.4. Number of community-, district- and governorate-level projects funded via the LR2F</p>

<b>OUTPUT 1.3</b>	<b>Strengthened central-local and horizontal relations between local governance stakeholders</b>
<b>Indicators</b>	<p>1.3.1. Percentage of Governorate Authorities satisfied with policy and technical support provided by central government with support of the EU-funded intervention.</p> <p>1.3.2. Number of dialogue events between local and central authorities producing policy recommendations with support of the EU-funded intervention</p> <p>1.3.3. Number of women’s affairs units in targeted central administrations producing gender mainstreaming strategy notes, guidelines facilitation/support or tools with support of the EU-funded intervention</p> <p>1.3.4. Percentage of Yemeni women among local governance representatives at international peer exchange events organised with support of the EU-funded intervention</p>
<b>OUTPUT 2.1</b>	<b>Strengthened linkages/cooperation opportunities between MSMEs, private sector and MFIs involved in the value chains</b>
<b>Indicators</b>	<p>2.1.1. Number of persons with developed capacities on business and technical skills and applied skills for income generation and employment prospects (disaggregated by sex, age) with support of the EU-funded intervention</p> <p>2.1.2. Number of local MSMEs and producer groups in priority sectors supported by the EU-funded intervention, disaggregated by age and gender of owner, including number of new MSMEs established</p> <p>2.1.3. Number of long-term jobs and employment supported/sustained by the EU, disaggregated by age and gender of the employee</p> <p>2.1.4. Number of business advisory support center established, generated income by supporting MSMEs with support of the EU-funded intervention</p>
<b>OUTPUT 2.2</b>	<b>Increased and de-risked access to financial services for economic agents in promising value chains</b>
<b>Indicators</b>	<p>2.2.1. Number of gender sensitive market facilities or infrastructures improved/rehabilitated with support of the EU-funded intervention</p> <p>2.2.2. Number of beneficiaries with access to financial services with EU support: a) firms, b) individuals (EU RF2.13)</p> <p>2.2.3. Number of MSMEs/business associations receiving credit with support of the EU-funded intervention, disaggregated by sex of MSME owner</p>

The following tables gives a detailed description of the activities per Output per Outcomes:

<b>OUTPUT 1.1</b>	<b>Strengthened Local authorities’ capacities to respond to community needs for services in an inclusive and accountable manner</b>
<b>Description</b>	This output focuses on further developing the necessary capacities (individual and organizational) of local governance actors to increase the delivery of services to Yemenis, with the participation of community representatives (participation), targeting of vulnerabilities (inclusion) and with increased accountability. While the output is primarily focusing on capacities of (sub-) district authorities and structures, there will also be support for civil society organizations and customary leaders on conflict sensitivity. To account for the high diversity of local institutional capacities and service delivery issues, this output will be entirely demand-driven and negotiated for each district.
<b>Activities</b>	<p><b>1.1.1 Governorate authorities have the capacities, tools and incentives to provide better technical guidance and capacity development to district authorities.</b></p> <ul style="list-style-type: none"> <li>• Update and customize training and coaching materials on public expenditure management used in previous UNDP/MoLA Projects.</li> <li>• Establish and train District Facilitation Teams.</li> </ul> <p><i>Women and Youth:</i></p> <ul style="list-style-type: none"> <li>• Train DFTs on gender-sensitive and youth-sensitive approaches to capacity development and gender/youth-based analysis.</li> <li>• Support development of specialized curricula resources on promoting women and youth roles in decision-making.</li> </ul> <p><b>1.1.2 Linkages between district authorities and communities are strengthened through the activation of representative Sub-District Committees.</b></p>

	<ul style="list-style-type: none"> <li>• Establish and train Sub-District Committees through networking of community-based structures (VCCs, neighbourhoods committees) on participatory planning and service delivery monitoring.</li> <li>• Train local CSOs on Yemeni local governance system, participation methods, vulnerability analysis and civil society roles in local governance (advocacy, watchdog, policy initiative).</li> <li>• Training SDCs, local authorities, tribal structures and CSOS on conflict prevention, conflict resolution and conflict-sensitive planning.</li> <li>• Conduct participatory conflict scans (where not yet done)</li> </ul> <p><i>Women and Youth:</i></p> <ul style="list-style-type: none"> <li>• Raise awareness on the roles of women and youth for conflict resolution and social cohesion</li> <li>• Train women and youth members in SDCs for leadership and communications</li> </ul> <p><b>1.1.3. District authorities are more capable of performing regular public expenditure management functions in a participatory and transparent manner.</b></p> <ul style="list-style-type: none"> <li>• Conduct district-level capacity assessments, including for PEM cycle, and production of District Capacity Development Plans (DCDPs) target to district authorities, including district councils.</li> <li>• Establish District Core Teams (DCT)</li> <li>• Implement DCDPs (training, mentoring) by DFTs and DCTs.</li> <li>• Strengthening of data management systems (incl. ICT) in district authorities</li> <li>• Distribute micro-grant and coaching to local CSOs to pilot social accountability initiatives methods on service delivery and revenue management.</li> </ul> <p><i>Women and Youth:</i></p> <ul style="list-style-type: none"> <li>• Support gender and age disaggregation of district statistics.</li> <li>• Conduct institutional and capacity-building support to Women’s Affairs Units and women staff in district Diwans</li> <li>• Introduce gender-based analysis and gender-based planning tools in SEOs.</li> </ul> <p><b>1.1.4 District authorities manage their human and financial resources more efficiently and accountably.</b></p> <ul style="list-style-type: none"> <li>• Conduct diagnostics on public financial management and human resource management in district authorities.</li> <li>• Conduct local revenue diagnostics, including revenue potential, collection efficiency, transparency, social equity, development impact, and citizens’ perceptions.</li> <li>• Adopt District Accountability Improvement Plans (DAIPs) with district authorities and in implementation.</li> <li>• Provide technical support for increasing accountable and equitable local revenue generation.</li> <li>• Provide support to Projects Units at to enhance project design and procurement.</li> <li>• Provide support resumption of COCA operations in target governorates.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Prioritize women staff for training opportunities</li> <li>• Develop induction courses for young recruits into district authority offices.</li> <li>• Promote women-friendly recruitment methods and working environments in district authorities.</li> </ul>
<b>Means</b>	Consultants, Travel, Professional Services, Workshops/Training, Equipment, Grants
<b>Remarks</b>	<ol style="list-style-type: none"> <li>1. The approach and tools used will capitalize on previous UNDP experiences (DSDLP, LGSP, ERRY, ECRP, etc.).</li> <li>2. This implementation agency (agencies for these activities will be identified and selected during the Inception Phase. The aim is to select a broad range of implementation partners, in addition to UNDP (Field Staff), DTFs, SFD, PWP and SMEPs, to strengthen the resilience and sustainability of the intervention. Special attention will be paid to <i>local capacity</i>.<sup>36</sup></li> </ol>

**OUTPUT 1.2 Improved capacities of public services providers for scaling up the reach out to the**

<sup>36</sup> All partners mentioned in this document are indicative and will be decided in accordance with UNDP rules and regulations.

most vulnerable.	
<b>Description</b>	<p>This output deals with the appropriation and management of discretionary funding provided through the Project for investments that will help maintain and improve service delivery, rehabilitate local authority premises and logistics and support seminal actions by local authorities in the areas of resilient urbanization (including pollution control) and local economic recovery. Output 2 builds upon the enhanced capacities and local governance processes targeted by Output 1. The main instrument for Output 2 is a <b>Local Resilience and Recovery Fund (L2RF)</b>, with different windows at district and governorate level, allowing for a flexible appropriation process against local priorities and centralized piloting and oversight. The severely diminished capacity of the central government is most visible in the provision of basic social services such as health care and education. Humanitarian aid goes some way in filling the wide gaps left by the conflict, but this is not sustainable in the long run, and might actually marginalise local institutional actors. Given the multidimensional and critical importance of schooling, and the crucial role played by local authorities in providing a safe and enabling environment for education, SIERY has a dedicated a full Activity under Output 1.2 to strengthen the role of local governance in the recovery of the education sector, integrating resilience, recovery and reconciliation approaches.</p>
<b>Activities</b>	<p><b>1.2.1 Pathways for resilience and recovery of basic and social services are identified by inclusive local platforms and reflected in annual plans</b></p> <ul style="list-style-type: none"> <li>• Help establish and/or strengthen District Recovery Platforms (DRPs), gathering representatives of Sub-District Committees, DCTs and key sectors of society (civil society, private sector, tribal leadership, independent experts).</li> <li>• Conduct district service delivery audits for key sector areas with the participation of DRPs leading to action plans to relieve bottlenecks on inclusiveness and effectiveness of service delivery.</li> <li>• Support DRPs to prepare 3-year District Resilience &amp; Recovery Plans (D2RPs) detailing investment and capacity-building requirements for key sectors, with priorities for immediate funding.</li> <li>• Support regular district annual planning and budgeting aligned with D2RPs.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Provide leadership and communications training to DRP women &amp; youth.</li> <li>• Focus service delivery audits on vulnerability and marginalization issues.</li> <li>• Incorporate gender-based and youth-based result targets in all recovery plans</li> </ul> <p><b>1.2.2 Key sustainable development dimensions (local economic recovery, resilient urbanization) are considered by local authorities and initial actions taken in line with the SDGs.</b></p> <ul style="list-style-type: none"> <li>• Raise awareness and pilot SDG localization approach in governorate planning.</li> <li>• Establish Governorate Economic Recovery Committees (GERCs) with Governorate Authorities (Planning, Trade &amp; Industry), Chambers of Commerce &amp; Industry, financial institutions, business associations and train on LER theory and planning.</li> <li>• Conduct diagnostics on local economy, business environment and productive sectors, including needs of MSMEs and producer groups (in partnership with Pillar 1).</li> <li>• Support GERC to adopt LER Action Plan and select priority projects for funding.</li> <li>• Establish Urban Planning &amp; Management Committees (UPMCs) with Governorate Authorities (Planning, Public Works), District authority, National Authority for Land Survey and Urban Planning, private sector, neighbourhood committees and CSOs.</li> <li>• Conduct urbanization diagnostic (using UN-HABITAT City Profile methodology) in 3 cities where not yet available.</li> <li>• Support UPMCs to prepare Resilient Urbanization Action Plans and select priority projects for funding.</li> <li>• Provide technical support to long-term urban planning including master plans, zoning plans and infrastructure development plans.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Include women and youth entrepreneurs in LER planning exercise; establishing specific targets for women &amp; youth businesses in LED plans.</li> <li>• Prioritize women and child / youth-friendly spaces in urban growth rapid interventions and urban planning.</li> </ul> <p><b>1.2.3. Multi-purpose local recovery supports the implementation of local priorities.</b></p>

	<ul style="list-style-type: none"> <li>• Establish the Local Resilience &amp; Recovery Funds (L2RF) and finalize SOPs &amp; allocation formulas with the Project Board</li> <li>• Release funds through the various windows at governorate and district level based on priorities identified through participatory planning exercises (see AR 2.1 and 2.2.)</li> <li>• Implement and monitor sub-grant project</li> <li>• Strengthen capacities of district authorities for donor coordination</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Supporting women and youth participation in decision-making on LRF priorities and grant project implementation.</li> </ul> <p><b>1.1.4 Integrated support to restoring education services in affected communities helps restore livelihoods, stability and social cohesion.</b></p> <ul style="list-style-type: none"> <li>• Develop capacities on educational planning for local authorities, with an emphasis on collaborative planning, design and implementation with key local stakeholders of local education</li> <li>• Provide integrated support to restoring education services in affected communities, with an emphasis on restoring livelihoods, stability and social cohesion.</li> <li>• Rehabilitate classrooms, WASH facilities, school furniture, distribution of school supplies, training of school personnel on safety and risk management, and back-to-school campaigns for enrolment.</li> <li>• Support school children well-being through teacher training, child protection activities, psycho-social and rehabilitative support to children with special needs.</li> <li>• Support the education system: capacity building for local and national education stakeholders including local authorities, school management, parents' associations and the ministry of education (MoEDU).</li> </ul>
<b>Means</b>	Consultants, Travel, Professional Services, Workshops/Training, Equipment, Grants
<b>Remarks</b>	<ol style="list-style-type: none"> <li>1. Activity 1.2.2. will be implemented with governorate authorities and stakeholders, and in governorate capitals. It focuses on strengthening diagnostic and planning capacities on important areas for sustainable recovery (local economy, resilient urbanization) and on funding seminal initiatives combining capacity development capital investments to pave the way for more structuring and complex interventions with a longer time span.</li> <li>2. Activity 1.2.3 is the cornerstone of SIERY, as it organizes grants to local actors to support priorities identified in a number of thematic areas through participatory planning processes (See 2.1 and 2.2): The Local Resilience &amp; Recover Fund (L2RF). For a more detailed description of this Activity, see <b>Appendix A</b> at the end of this Description of Action.</li> <li>3. Implementation partners will be selected during Inception Phase (see Output 1.1).<sup>37</sup></li> </ol>

<b>OUTPUT 1.3 Strengthened central-local and horizontal relations between local governance stakeholders</b>	
<b>Description</b>	Local authorities and associated local governance stakeholders need a supportive institutional and regulatory framework to increase their delivery and contribute more effectively to resilience and recovery (districts and governorates still receive on average 90% of their regular budgets from central government). This output is concerned with facilitating quick improvements in the relationship between local authorities and the central government (in Sanaa and in Aden), especially around issues of division of responsibilities, budgeting, revenue collection and management, human resources management, and technical support. It will also support emerging opportunities for a constructive and inclusive policy dialogue on the future of local governance in Yemen that would gather local and national actors. To this end, Output 3 will also help local governance stakeholders exchange experiences and develop their own policy agenda, as well as learn from regional or international counterparts.
<b>Activities</b>	<b>1.3.1 Regulatory and administrative measures needed to restore functional central-local relations are taken.</b>

<sup>37</sup> All partners mentioned in this document are indicative and will be decided in accordance with UNDP rules and regulations.



	<ul style="list-style-type: none"> <li>• Conduct in-depth diagnostic on inter-governmental relations (district / governance / central) in order to identify critical bottlenecks for a more effective and crisis response-oriented relationship, especially for policy, capacity development, oversight, human &amp; financial resources management aspects.</li> <li>• Facilitate central-local dialogue to implement rapid measures relieving identified bottlenecks in intergovernmental relations.</li> <li>• Increase connectivity between local authorities and central government through appropriate e-solutions</li> </ul> <p><b>1.3.2 Capacities of key central authorities to support the resilience of local governance system strengthened.</b></p> <ul style="list-style-type: none"> <li>• Develop capacity development to MoLA &amp; MoPIC in particular for policy development, crisis response, oversight and technical support to local authorities, and monitoring.</li> <li>• Support initiatives promoted by local platforms, national stakeholders and the OSESGY to discuss post-conflict local governance &amp; decentralisation.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Conduct training programmes on gender and youth mainstreaming in local governance for central ministry staff.</li> <li>• Provide logistical &amp; technical support to ministerial women’s affairs units</li> </ul> <p><b>1.3.3. Platforms of local governance actors, including local authorities, are fostered, strengthened and connected to international peer support networks.</b></p> <ul style="list-style-type: none"> <li>• Strengthen inter-district coordination and cooperation for service delivery, LED and social cohesion projects.</li> <li>• Support and train sub-regional / national platforms of local governance actors for sharing experience and building joint policy platforms, including between LER/LED actors.</li> <li>• Support cooperation with the UCLG-MEWA.</li> <li>• Support South/South Exchanges with countries successfully transitioned into more effective post-conflict local governance systems.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Prioritize women &amp; youth participation in platforms and peer exchange</li> </ul>
<b>Means</b>	Consultants, Travel, Professional Services, Workshops/Training, Equipment
<b>Remarks</b>	1. Implementation partners will be selected during Inception Phase (see Output 1.1). <sup>38</sup>

<b>OUTPUT 2.1 Strengthened linkages/cooperation opportunities between MSMEs, private sector and MFIs involved in the value chains</b>	
<b>Description</b>	This output focuses on rapid skill and technical development and strengthening linkages between MFIs and MSMEs. A value chain approach and tools would be adopted to support MSMEs. Skill building, establishing entrepreneurship and provision of business advisory services are three key areas under this output. Rapid capacity building on business and technical skills would support MSMEs in the establishment of enterprises. The output would create a microfinance grant facility established by SMPEs where MSMEs would receive capital support.
<b>Activities</b>	<p><b>2.1.1. Enhanced business and life skill development on value chain approach for medium and long terms income generation and employment prospects:</b></p> <ul style="list-style-type: none"> <li>• Review and update value chain analysis of promising sectors (honey, fisheries, livestock, coffee, horticulture and waste to energy).</li> <li>• Identification of maximum three promising sectors for interventions.</li> <li>• Need based business skills capacity building by SMEPs for targeted individuals through certified trainers.</li> <li>• Promotion of women and youth’s engagement in the capacity development of business skills.</li> </ul> <p><b>2.1.2. Improved networks of producers (MSMEs), private sectors and microfinance institutions to strengthen the existing value chain association at district level.</b></p> <ul style="list-style-type: none"> <li>• Selection of existing business associations.</li> </ul>

<sup>38</sup> All partners mentioned in this document are indicative and will be decided in accordance with UNDP rules and regulations.



	<ul style="list-style-type: none"> <li>• Technical support to the associations (training and consultancy support) and development of business proposal/ plans by the associations.</li> <li>• Provision of financial grants through financial service providers to the business advisors (BAs).</li> <li>• Networking events for business associations for the income generation activities.</li> <li>• Organization of exposure visits for cross exchange and learning for MSMEs, MFIs and private sectors.</li> </ul> <p><b>2.1.3. Enhanced business advisory support and assistance to MSMEs to improve business continuity, risk management, marketing and expansion of business.</b></p> <ul style="list-style-type: none"> <li>• Selection of technical consultants/ business advisors in each targeted district.</li> <li>• Development of group of MSMEs and allocation of business advisors as per the value chain sector for mentoring, coaching and technical assistance.</li> <li>• Explore the possibility to establish Business Advisory Resource Center (BARC).</li> </ul>
<b>Means</b>	Contractual Services – Companies, Travel, Grants, Workshops/Training & Conferences, Learning Costs
<b>Remarks</b>	This set of activities will be implemented by UNDP through Small and Micro Enterprise Promotion Services (SMEPs). <sup>39</sup> SMEPs has long and proven experience in building the business and enterprise skills with rich resources and tools. Additional partners will be identified during the Inception Phase.

<b>OUTPUT 2.2</b>	
<b>Increased and de-risked access to financial services for economic agents in promising value chains</b>	
<b>Description</b>	This output focuses on the improvement of market facilities and infrastructures to strengthen value chain sectors for the benefit of producers and consumers. The facility and infrastructure improvement would be based on the identification of bottlenecks and gaps from the proposed value chain sector assessment. In addition, the microfinance grant facility will support the small and medium scale of the market facility and infrastructure rehabilitation. The fund will also be accessible by local authorities based on the priorities of district recovery plan. For local authority, the fiduciary control would be by partner. The grant facility will have a ceiling of \$45,000.
<b>Activities</b>	<p><b>2.2.1. Reconstruction of market facilities and infrastructures have improved access and services for MSMEs and private sectors to improve productivity</b></p> <ul style="list-style-type: none"> <li>• Organizing meeting with SFD/PWP and district authority to access fund for the market infrastructure rehabilitation.</li> <li>• Identification of skilled and unskilled individuals for market rehabilitation for emergency employment.</li> <li>• Identification of market centers at sub-district, district and governorate levels to be rehabilitated</li> <li>• Capacity building of private sectors and MSMEs on Occupational Health and Safety (OHS) to ensure mitigation of any potential hazard incidence.</li> <li>• Provision of grant from district fund and SMEPs grant facility through banks for market rehabilitation.</li> </ul> <p><b>2.2.2. Improved access to microfinance services (capital and grant) for the recovery of micro, small and medium enterprises with good potential for job creation and income generation</b></p> <ul style="list-style-type: none"> <li>• Identification of microfinance institutions (MFIs) in the targeted location.</li> <li>• Establishment of grant and loan facility support provision by the SMEPs.</li> <li>• Development of business proposals for the selected value chain sectors by the targeted individuals and review by advisory committee<sup>40</sup>.</li> <li>• Selection of business proposals and provision of loan and grant through existing system to targeted individuals for MSMEs establishment.</li> </ul>
<b>Means</b>	Contractual Services – Companies, Travel, Grants, Workshops/Training & Conferences, Learning Costs

<sup>43</sup> All partners mentioned in this document are indicative and will be decided in accordance with UNDP rules and regulations.

<sup>40</sup> ISdB and SILATECH will be consulted to create synergies and complementarities.

<b>Remarks</b>	This set of activities will be implemented by UNDP through Small and Micro Enterprise Promotion Services (SMEPs). <sup>41</sup> SMEPs has long and proven experience in building the business and enterprise skills with rich resources and tools. Additional partners will be identified during the Inception Phase.
----------------	---

### ***Project Locations<sup>42</sup>***

#### *Geographical and beneficiary targeting for Component 1 (Institutional Resilience)*

Yemen consists of 23 governorates and 333 districts. In order to reach a representative enough sample of locations and build a solid case for Yemen's future policy orientations on local governance, it is indicatively proposed that SIERY be implemented in **8 governorates and 40 districts**. They could be adjusted upward or downward if necessary, though it is not advised to go below a minimum of 30 districts and above a maximum of 50.

The selection of project locations and number of locations will be done during the inception phase, in consultation with the EU, and formalised in a Steering Board decision. Discussions and decision on choice and number of project locations will be predominantly based on the following considerations:

1. **Governorates:** According to UNDP's new CPD, UNDP should strive to implement its projects in a balanced fashion across 5 agro-ecological regions, characterised by shared values and economic linkages, and which will each host soon a UNDP sub-office.<sup>43</sup> The choice of target governorates for SIERY is hence organized in 5 sub-areas. Additional criteria include the presence of other UNDP projects involving local authorities and/or local communities on governance aspects, in order to create positive synergies, as well as achieving a balance of different levels of conflict impact, in to cover the whole span of contexts from resilience to recovery.
2. **Districts:** SIERY will work in 3 to 6 districts in each select governorate (with a total target of 40 districts). The selection of districts will be conducted with governorate authorities during the project inception phase. The selection criteria for target districts will include:
  - access not impeded by high-level security threats and local officials / civil society able to work freely
  - districts with higher vulnerability (measured using UNDP Distress Index).<sup>44</sup>
  - Combining urban / peri-urban and rural contexts
  - IDP presence (districts with higher share of IDPs among their total populations will be prioritized)
  - districts already targeted by other UNDP projects as well as EU projects/priorities
  - districts where functional village-level community structures exist.
  - districts with functioning local councils and present district director and secretary-general in post.

In each district, SIERY will adopt a **whole-of-district approach** making its full package of support accessible to all sub-districts in that district at the same time.

#### *Geographical and beneficiary targeting for Component 2 (Economic Resilience)*

It is proposed that the economic resilience component will be implemented in **4 governorates and 4 districts in each (16 districts)**, with a 50/50 split between the North and South of the country<sup>45</sup>. The selection of project locations and number of locations will be done during the inception phase, in consultation with the EU, and formalised in a Steering Board decision. Discussions and decision on choice and number of project locations will be predominantly based on the following:

<sup>43</sup> All partners mentioned in this document are indicative and will be decided in accordance with UNDP rules and regulations.

<sup>42</sup> What follows is an indication of the possible number and choice of Governates and districts. The final selection will be made during the inception phase in close consultation with the EU, to ensure alignment with EU priorities and the developing political and security situation on the ground.

<sup>43</sup> (1) Tehama (coastal plain and the foothills overlooking the Red Sea coast); (2) Mountains (Sa'ada, Amran and high plateaux in Al Jawf, Sana'a, Hajjah, Mahwit, Dhamar and Raymah); (3) Lower or Middle Yemen (Aden, Ibb, Taiz, Dhale'e, Lahj, parts of Al Bayda & Abyan); (4) Desert (Marib, Shabwah; parts of Al Jawf, Sana'a, and Al Bayda); (5) Wadi / Hadramawt (Part of Hadramawt, Al Maharah).

<sup>44</sup> The Distress Index was developed for UNDP's ECRP (Yemen Emergency Crisis Response Project) and is a composite index comprising the following variables: the level and intensity of people with food insecurity (i.e. the number of food insecure people in the governorate and their share of the total population), the level and intensity of displacement (i.e., the number of IDPs and returnees in the governorate and their share of the total host population) and the level and intensity of population in urgent need for assistance.

<sup>45</sup> This is indicative. The final selection will be made during the inception phase in close consultation with the EU, and subject to the developing political and security situation on the ground.

1. Component 2 will be implemented only in governorates and districts where Component 1 is implemented.
2. Governorates and districts will be selected after value chain analyses for six promising sectors (coffee, honey, livestock, fisheries, horticulture, renewable energy) have been conducted – and from that a maximum of three sectors will have been identified.
3. The selection of districts will also use the livelihood zoning methodology developed by USAID. The livelihood zoning “plus” includes a traditional livelihood zoning exercise<sup>46</sup> that disaggregates populations by general wealth and offers a minimum set of livelihood information (such as source of food and income)<sup>47</sup>.

### **Resources Required to Achieve the Expected Results**

SIERY will rely first and foremost for its implementation on human resources (including UNDP, counterparts and responsible parties), grant funds, technical services and services directly related to project implementation by UNDP Yemen (incl. Country Office staff, Sub-Office staff and Amman Support Office) and UNDP Regional Hub Amman, in addition to some necessary equipment and other facilities needed to operate in Yemen. A more detailed description of these means is provided in **Chapter V Governance and Management Arrangements**.

#### **Human Resources**

- **Project staff**: it will include 4 international staff and 16 national staff (full staffing list is shown in Section VIII), divided between a Country Office team based in Sanaa (UNDP Office) and 5 regional teams in UNDP hubs.<sup>48</sup> International staff will only be present in the national team while regional teams will be staffed by Yemeni personnel. Given the security constraints, none of the project staff will be outposted in government offices, whether national or local. Project staff will be involved with overall and day-to-day planning of project delivery, managing procurement and recruitment processes etc. Project staff will also be involved in delivering policy advice and capacity-building support to national institutions.
- **Local authorities and other local actors**: the delivery of Output 1 will largely depend on human resources appointed by governorate and district authorities to staff the DFTs and DCTs. They will be regular civil servants dedicating part of their time (and extra hours as well) to SIERY and will receive a financial incentive from the Project. At the district level, other civil servants, CSO members and community representatives will also play a key role as members of the DRPs. They will receive a stipend to cover the costs of their participation to project activities (transportation, accommodation).
- **Responsible Parties**: project activities will involve implementation by Responsible Parties (RPs) selected by UNDP, given the security and operational constraints that limit the ability of UNDP for direct implementation – except for activities taking place out of the country.<sup>49</sup>
- **Service Providers**: the Project will contract specialized services from qualified companies, NGOs and individual experts for delivering short-term support such as training, event management, research, polls, evaluations, ITC services, etc. A third-party monitoring contract will also be procured as is normal practice for all UNDP Yemen projects since 2015. Service providers may be Yemeni or international vendors, or consortia of both.;
- Services directly related to project implementation by UNDP Yemen and UNDP Regional Hub Amman staff
  - **Management services**: Governance & Rule of Law Pillar and the Economic Recovery & Development Pillar in UNDP Yemen Country office will support SIERY project in donor relationship management, technical guidance, portfolio synergies and policy advocacy support towards the central government and the broader development community.
  - **Quality Assurance and Oversight services**: Management Support Unit (MSU) UNDP Country Office will provide project quality assurance and oversight. This will entail provision of technical

<sup>46</sup> A livelihood zone is defined as an area within which people share, broadly, the same options for obtaining food and income as well as similar market access and opportunities.

<sup>47</sup> [http://fews.net/sites/default/files/ye\\_zonedescriptions\\_en.pdf](http://fews.net/sites/default/files/ye_zonedescriptions_en.pdf)

<sup>48</sup> Sanaa Hub is located in UNDP Yemen Office in Sanaa.

<sup>49</sup> Current selection is indicative and might be subject to change, based on the findings and decisions of the inception phase.

and expert assistance in the design of thorough monitoring framework for the action; assist in the preparation, regular processing and analytical overview of action related indicators as per action log frame. The unit also plans for HACT Assessment and Financial Spot Checks of the Responsible Parties and follow-up on their implementation. With Gender Specialist onboard, the unit provides guidance and technical inputs to address gender inequalities at all levels.

- **Communication and Visibility:** The Communication Unit will provide technical expertise to increase visibility of EU support and share beneficiaries results to the public internally and externally, in as far not covered by project Communication Officer. Open-House Presentation will be organized when relevant to showcase the transformation changes that this project has contributed to local communities and associated public institutions.
- **Regional services:** UNDP Sub-Office Aden, Hodeida, Marib and Mukallah will provide regional support to project's implementation through relationship management with local authorities, daily oversight of regional teams, facilitation of local activities and travel, if and when required. With the support of the Heads of the two sub-offices in Aden and Hodeidah, support will be provided also on adaptive management to ensure proper targeting of the intended support to the needy communities and improve access of key and essential services. The Amman Support Office will provide support in donor relationship management, policy advisory and networking support.
- **Operational services:** UNDP Yemen, through its operational structure, will provide support to project's procurement, financial and administrative processes, Human Resource Management, Travel, Facility & Asset management and IT management.
- **Global Network services:** the UNDP Regional Hub in Amman may be solicited by the Project Team to provide policy and networking support, especially in relation to feeding regional good practice into Project implementation. The Hub may also be approached for more specialized technical inputs and mobilizing regional resources on urban resilience.

### **Equipment and other resources**

Various types of equipment will be procured by the Project for achieving the intended results. They may be procured directly (i.e. through the main budget), such as IT devices and office furniture, and indirectly (through sub-grants). The range of equipment that may be procured is vast and cannot be estimated or costed yet – at least for those concerning grants – but will be mostly related to service delivery hence may include equipment used in schools, healthcare facilities, for water or (off-grid) energy supply (renewable energy), public works, etc. Office equipment and appliances may also be procured for local authorities.

### **Partnerships**

Between 2012 and 2015, donor support to the areas of governance and state-building was almost entirely focused on supporting central institutions transition following the road map set forth by the NDC. Shortly after the conflict started, donor priorities for local governance shifted to supporting community-led resilience-building. Working with district or governorate authorities has only resumed recently and on a limited scale. The focus remains mostly on service delivery but a few development partners are also engaging with more politically sensitive aspects at governorate level. SIERY represents the most comprehensive and far-reaching project supporting local governance in Yemen in this time of conflict, putting the onus on revitalizing district-level public expenditure management.

For implementing SIERY, UNDP will seek coordination and collaboration with the following donor projects:

- **Strengthening Inclusive Local Governance and Peacebuilding Project** implemented by GIZ and the Berghof Foundation (funding by BMZ). UNDP will seek close coordination with this project at the policy level and in Hadramout (if targeted).
- **Support Stabilization in Yemen**, a project of USAID (under preparation), which focuses on local conflict mitigation and peacebuilding. It covers four governorates (Hadramout, Shabwa, Marib and Mehra) and will work in linking better local authorities with the private sector, CSOs and security actors.
- **Rethinking Yemen's Economy – Towards a Sustainable Future**, a project funded by the EU (through the European Initiative for Democracy and Human Rights and the Instrument contributing to Stability and Peace - IcSP) and implemented by CARPO, DeepRoot Consulting and The Sana'a Center for Strategic Studies. Joint policy dialogue events as well as joint research exercises and policy papers could be proposed.

- **Tamkeen Project** (under preparation), by the Adam Smith Institute, in partnership with Deep Root Consulting Yemen, which will be the replica of a similar approach piloted successfully in Syria.
- **BRAVE:** SMEPs is currently implementing the Business Resilience Assistance for Value-adding Enterprises (BRAVE) project.
- **CARE led consortium supported by EU** is implementing a multipurpose cash transfer project, and effort will be made to work with the consortium to support the benefits that would produce through strengthening the promising sectors.
- **SILATECH:** supports the start-up and growth of sustainable job creation for youth enterprises. It helps young entrepreneurs establish and sustain successful enterprises by providing them with access to finance, business development training, mentorship, and bridging their access to new markets.
- **Coordination platform:** FSAC cluster has developed the Livelihood Working Group, and the economic component of the project will make an effort to be part of the working group for better sharing the value chain approach and learn from the other partners through sharing of information and experiences.
- **UN partnerships:** Among the UN family, UNDP will seek collaboration with all UN agencies that have activities pertaining to SIERY's areas of focus, including building local authorities' capacities, service delivery, local economic recovery, urbanization, women and youth empowerment for decision-making, etc ( **UN-HABITAT** on urban diagnostics - [City Profiles](#) - for Resilient Urbanization; **ILO** for the support of local economic recovery; **OSESGY** with regards to the future Yemeni local governance system; **UN-Women**, **UNICEF**, **UNESCO** and **UNHCR** for support of local authorities to improve service delivery and the protection of vulnerable groups.)

Donor coordination around development matters has been very limited since 2015 as humanitarian coordination has taken precedence over anything else. With the launch of SIERY, UNDP hopes to be able to resume such coordination in order to harmonize approaches and projects, both conceptually and

## **Risks and Assumptions**

### **Scenarios**

The current multi-dimensional crisis affecting Yemen, with deep roots in its history, political system and governance, social and economic challenges and ecological situation, as well as in regional and international geopolitics, is in constant flux and does not provide a certain and stable context for programming. This applies even more to a project grappling directly with the humanitarian – development nexus and state-(re)building. Hence, SIERY is subjected to a high level of risk. There are broadly three scenarios (focused on local governance) that can inform its design and influence its implementation – or a combination of them, affecting different parts of the country differently:

- A pessimistic scenario of collapse of local institutions and spiralling violence** caused on one hand by an absence of progress, or even regress, in the Track-1 negotiations, with an intensification of military efforts on both sides to alter the balance of forces, and on the other hand, a further fragmentation of central control and support to local authorities (especially in the South), with the return of severe fiscal austerity over local authorities' operations all over the country. Under such scenario, local authorities would not be able to maintain service delivery at the current level, let alone improve it, and the humanitarian crisis, fuelled also by renewed violence and population displacement, would finish overwhelming frail local authorities. Local armed non-state actors would take the opportunity to increase control over certain territories, diverting further local authorities from legally compliant public expenditure management and capturing whatever rent can be made, especially from revenue collection. This in turn would provide more fuel for social unrest and displacement.
- A middle-ground scenario of protracted conflict**, where parties to the conflict maintain broadly their current territorial influences while UN-brokered negotiations continue, at a slow pace and some confidence-building measures are implemented. In this scenario, the two competing central governments continue implementing diverging policies in supporting and shaping local governance between the North and the South/East, with potentially more resources flowing in again to the local level, in parts thanks for fiscal measures taken by the DFAs (e.g. resumption of joint local resources system as planned by MoLA Sanaa for 2020) and in the South (increased channelling of foreign aid to investment budgets of local authorities). While little or no progress is made on finding a political solution that would re-establish a unified political and institutional control over local governance and negotiate a new central-local compact, local authorities, especially where they suffered the most from the conflict, increase their



functionality and regain some trust from citizens. In certain parts, continuing economic growth creates islands of prosperity where more elaborate forms of local governance being piloted.

- (c. **A more optimistic scenario of rapid political agreement** accelerating the reunification of policies and institutions presiding over local governance in Yemen. With a peace accord, not only would the topic of agreeing on a new decentralization compact be at the top of the priorities for the transitional government and continuing peace discussions, but the fiscal situation of local authorities would undoubtedly improve rapidly, with expectedly more donor funding channelled to reconstruction and recovery, including for the country's institutions. This would provide strong incentives to local authorities to upend their performance – but would also create heightened risks of corruption and rent capture, in the absence of strong accountability frameworks. Civil society (including the media) would need to play a major social watchdog role to prevent abuses and contribute to building trust-based local governance system.

SIERY, as presented in this project document, has been built on the assumption that Scenario 2 will prevail for the planned duration of the project (2020 – 2022), while it has enough built-in flexibility, in particular for its demand-driven capacity-building approach and choice of discretionary funding, to quickly adapt to any unfolding evolution, positively or negatively. Output 3, moreover, can be scaled up or down depending on the evolution of the peace negotiations.

In the context of scenario 2, below is a summary of the main risks that could affect project implementation and an explanation of proposed mitigation measures.

### 1. Political risks:

If the peace discussions do not deliver any concrete results in the next 2-3 years, the centrifugal and fragmentation process already happening between local authorities from different regions will not abate and may even accelerate. Their autonomy might increase in some parts and decrease elsewhere, particularly in the North. More national and regional tensions, and possibly moving frontlines, will trigger new changes in local authority leadership, both formal and informal (considering that certain non-state actors carry as much power probably than local executives). More broadly, the absence of perspective for a political transition and reunification of central control between the North and South will cripple SIERY's objective to contribute to the birth of a new national compact. Also, certain sub-regions may even go back to rescinding central authority, as was seen during the period of 2016-2017 (e.g. Marib Governorate refusing to transfer oil revenues to the Central Bank of Yemen).

⇒ *Mitigation: the mainstay of SIERY is on buttressing and expanding service delivery where feasible by building capacities and providing investment resources directly to the local level; both flows, knowledge and funds, do not depend on central government's capacity or on an elusive peace accord being reached. SIERY intervenes in different regions of the country with already very contrasted situations and will furnish a modular demand-driven and opportunity-driven support. If assembling inclusive DRPs to decide upon L2RF allocations is too politicized in some areas, UNDP will work directly with local authorities to select project priorities. And if there is no opening to discuss central-local relations with one or both of the central powerholders, Output 3 will be put on hold and funds assigned to it possibly transferred to other outputs that are dealing with more immediate and less politicized matters.*

### 2. Macroeconomic Risks:

The risk of further macroeconomic deterioration is high. While the currency depreciation has been largely controlled in recent month, the country remains at high risk of further currency crisis and inflation. This is exacerbated by a major liquidity crisis in the banking sector, a CBY that remained divided, a deteriorating financial and export market, accumulating public debt, and poor private sector performance.

⇒ *Mitigation: emphasis on private sector solution including direct support to SMEs and microfinance institutions as well as using private sector suppliers in project procurement.*

### 3. Operational risks:

Due to the ongoing conflict and related insecurity, the project will face some operational risks in relation to potential disruption in UNDP's business processes and project management services. A further set of risks concerns operational issues, such as the transport of equipment and asset management and maintenance as well as the rehabilitation of buildings. The security situation could prevent access to different parts of

Yemen and endanger the delivery of assets. The security situation could also have a direct impact on the rehabilitation of buildings, by delaying works or destroying new works just completed. Difficult access to field sites also hinders effective monitoring of progress and quality assurance. Even in a context of stable security situation, UNDP remains constrained in its execution capacity as the crisis also affects the availability of suppliers on the Yemeni market, recruitments and deployments take much longer (visa issues).

⇒ *Mitigation: 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, Hodeidah and in 2020, in Marib and Mukalla, which will maximize opportunities for interaction with SFD, PWP, STC and other responsible parties' teams in the field, even in the case where UNDP staff cannot have access to locations. Also, UNDP will also rely on a contracted Responsible Parties and Third-Party Monitoring Agent, with more agility and access project sites in difficult security and operational contexts, than UNDP staff can have. UNDP will closely review the quarterly expenditure reports of the responsible parties to monitor financial delivery of the project. UNDP also has the in-house capacity to maintain a regular conflict watch and analysis over all its project implementation areas and will therefore be able to decide to suspend sub-grant project implementation (mostly infrastructure) if and when conflict dynamics in a particular location are clearly geared towards escalation. To counter delays in project inception, a roll-out plan will be prepared early after approval of the Project and recruitments will be launched rapidly to avoid a too long and slow start-up phase, which would be very detrimental to achieving intended results within the 3 years of the Project. On the other hand, RPs with full teams and implementation capacity deployed across the country will be selected to start delivering very quickly.*

#### **4. Programmatic risks:**

The Project rests on a model that assumes that local governance, led by legitimate local authorities, can still thrive, improve, and deliver even in a context of severe institutional crisis at the apex of government, shifting political alliances on the ground and unreliable fiscal resources. The main risk is therefore that this assumption proves wrong – and that project support has no or limited marginal effect on local authorities' performance because intrinsically, the right sets of incentives and enabling factors for it to recover, are not reunited and cannot be influenced by UNDP. Likewise, central government may consider at some point that the project does not provide sufficiently balanced support to both the local and central level and endangers its overarching prerogatives over the local authority system and withdraw its support – or try to undermine it.

⇒ *Mitigation: consultations led by UNDP prior to developing the project, and the rapid diagnostic, have shown great and unambiguous support in Sanaa and Aden, for working in support of local authorities' capacities and providing them directly with capacity development support and investment resources, as a means keep them ashore. Both DFAs and the IRGY have adopted recently state-building policies that put the onus on furthering local autonomy and a good division of responsibilities with local authorities, and both entities are also pledging to increase their financial support to local authorities. There is therefore a great belief, shared also by the international community, that a local governance approach is now urgently needed as the humanitarian and conflict crisis is becoming protracted. The Project Board will remain a space for critical review of the project approach and decisions can be made for amending it, if needed, through consensus between the different parties involved and within the rules for amendments set in EU-UNDP agreements. UNDP will invest resources in real-time conflict monitoring but also evaluations on the project's impact and will remain flexible to adapt its approach if it does not deliver as expected. The ultimate objective is to increase inclusive access to services, and involve Yemenis into the process, not to reach an agreement on a new decentralization reform. Finally, by engaging at different levels (sub-district, district, governorate, central), by maximizing synergies with other UNDP and non-UNDP initiatives, SIERY adopts a multi-pronged strategy and does not focus all efforts in one narrow angle of local governance only; hence reducing risks of complete failure should certain entry points of its approach not function at all.*



## 5. Fiduciary risk:

Fiduciary risk is high. Given the Bank's limited ability to provide on the ground fiduciary oversight due to political and security risks, there are high risks of misappropriation and/ or diversion of funds, fraud, and corruption across large geographical areas.

- ⇒ *Mitigation: Risks are mitigated through: oversight and monitoring by UNDP via Third Party Monitoring; submission of periodic financial and progress reports.*

## 6. Security risks:

The ongoing protracted conflict continues to pose significant security risks to the implementation of the project in the form of (petty) crime, air strikes, landmines and UXO, terrorist attacks, and ground combat, arbitrary arrests and detentions. This situation compounded by the breakdown of law and order and rise of crime and general insecurity.

- ⇒ *UNDP intends to mitigate 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 be contracted to conduct the monitoring of the implementation of the project in hard-to-reach areas. Responsible parties engaged in this project have a long experience working in the field of Yemen and have all continued working through the conflict since 2015. They have therefore demonstrated their own capacity to handle security risks and protect their teams and assets.*

## 7. Reputational risks:

UNDP 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 neutral and impartial partner may be affected by issues arising from the project.

- ⇒ *To mitigate these risks, UNDP will strictly adhere to the Human Right Due Diligence Policy (HRDDP) to manage risks of engagement with non-state actors that are also political and/or security actors. By doing so, UNDP will ensure that UNDP or its personnel does not provide support to entities committing grave violations of international, human rights and refugee law. Furthermore, UNDP will put in place a communication strategy, strengthen Project oversight and quality assurance with documentation of issues, and work very closely with the parties involved. Grievances from beneficiaries and stakeholders will be channelled through mechanisms established within UNDP, such as the Project Board. UNDP at central level will work closely with key ministries organizing local governance and recovery in the country, and they will be engaged in every step of the project, reducing thereof the chances of bias towards one side or one region. Also, UNDP has made sure to reach parity in the selection of governorates between DFA-controlled and IRGY-controlled areas. The Local Resilience and Recovery Fund will also use a transparent allocation formula which shows that more resources will go to the more deprived locations, based on objective criteria, regardless of their political affiliation.*

## Stakeholder Engagement

The target groups of SIERY are primarily **conflict-affected communities, local authorities, microfinance service providers, private sectors and economic institutions**. Below is a review of the main expected forms of engagement and benefits for key stakeholders in SIERY.

### 1) Yemeni population:

[For component 1]

- Yemeni women and men in target districts will benefit from improved access to services, whether at community level, sub-district or district level. Social cohesion should also improve as a result of the various interventions that will bring different communities and sectors of society to plan and implement

together. The maximum number of potential beneficiaries is estimated at 3,600,000 people, based on the following calculations: 40 districts targeted x 90,000 people.<sup>50</sup>

- There will be a focus on providing direct benefits to women, children and youth, IDPs, disabled and *muhammasheen* – and any other categories that may appear as having more difficult access to services than others, during the service delivery audits proposed in anticipation of developing 3-year recovery plans. From Activity Result 2.4 alone, focusing on the education sector, a total of 75,000 school children is targeted.

## 2) Private sector:

- In each governorate, local firms will be able to compete and win tenders issued for executing L2RF sub-grants, mostly for infrastructure but also for supplies and in some cases, services (training in particular). This will help create local job opportunities, as conditionality will also apply on the preferential recruitment of local workers for certain types of projects.
- Business associations and the Chambers of Commerce & Industry in each governorate, will also benefit from access to training and networking opportunities, and may also implement small grants that will be provided through (the LER/D window of the D2RF).

[For component 2]

- Yemeni youths, women, and men in targeted districts benefit from the strengthening of the value chain of promising sectors at the sub-district, district, and governorate level. The maximum number of potential beneficiaries estimated is 44,550 individuals as direct beneficiaries. The calculation is based on the following calculations: 4 districts targeted x 11,137 individuals.
- There would be a focus on providing direct benefits to women, children and youth, IDPs, disabled and *muhammasheen* – and any other categories that may appear as having more difficult access to income and markets.
- Increased women's participation and economic empowerment: Overall, the economic empowerment of vulnerable women and women-headed households enables women to play a constructive role in building the community and strengthening household resilience. Economically empowered women are also less vulnerable to risks of violence, abuse, and exploitation. It has also been noted that the conflict has led to some positive changes in the roles and responsibilities of women, including changing perceptions of 'appropriate' behaviour or work for women and men. The positive change in gender roles facilitates the engagement of women in the establishment and management of MSMEs and engagement with the market in the value chains which were previously perceived as a male-dominated.

## 2) Community structures:

- SIERY will provide training, mentoring and grants in project management, conflict resolution, women and youth empowerment, and other topics contributing to a more participatory and inclusive local governance to Sub-District Committees in target districts. With a target of 40 districts, this could mean more than 200 SDCs benefiting from SIERY (considering an average of 5 sub-districts per district).

## 3) Public sector:

- *Ministerial level:* both in Sanaa and Aden, MoLA staff will have access to training opportunities and technical assistance, and some logistical support to accomplish their functions. Other ministries (MoPIC, MoF, MoEDU, Ministry of Trade) will also benefit from the support of SIERY in terms of policy advice, capacity development and logistical upgrades.
- *Governorate level:* a small number of governorate staff (around 10, hence 80 in total) recruited as members of DFTs will receive training and will be coached to become advisers in public expenditures, human resources and revenue management for district authority staff. Also, staff from different executive organs with responsibilities in the economic development and urban planning will benefit from training and the sub-grants implemented to beef up planning capacities in their sector. Staff from the Central Organization for Control & Auditing (COCA) in selected governorates, will also be supported technically and logistically to resume their functions at district level. Finally, some governorate authority staff will benefit from rehabilitation of their premises through the Governorate Authority Logistics window of the L2RF.
- *District level:* staff of District Diwans (including Women's Affairs Units) and District Executive Offices (including for education and other key service sectors) will have access to better and more regular training opportunities and receive on-the-job mentoring. They will also have the possibility to lead or

<sup>50</sup> Average district population in Yemen (OCHA, 2019).

participate in the implementation of grant projects and will enjoy better working conditions thanks to the funds disbursed through the District Authority Logistics window of the L2RF. Finally, in urban districts, staff of the Public Works Department, who are mostly charged with urban planning and management, will also receive specific training and be able to implement small projects that can increase their intervention capacity in controlling random urbanization.

- *Community level:* About 2,000 teachers will receive tailored training in subject matter and pedagogical areas (including social and emotional learning, teaching in crisis contexts) and will have access to teacher learning circles.

#### 4) Civil Society:

- About 5-10 CSOs in each governorate, will benefit from training opportunities in local governance, public expenditure management, social accountability as well as conflict-sensitive development and conflict resolution.
- About 3-5 CSOs per governorates will receive sub-grants to implementing (i) social accountability initiatives on service delivery and revenue management; and (ii) women and youth empowerment activities.

#### 5) Private sector:

- In each governorate, local firms will be able to compete and win tenders issued as well as apply cash for work approach for market infrastructure rehabilitation or construction executed by SMEPs in collaboration with MFIs. The market infrastructure intervention would promote the employment generation for skilled and unskilled workers from the local community.
- Business associations and the Chambers of Commerce & Industry in each governorate will benefit from knowledge and information sharing, database platform development, enterprise summit, and regulatory framework dialogues.
- Microfinance Service Providers (MFIs): for the targeted districts, MFIs would be identified based on their scale, capacity, and continuity. The MFIs would work closely for outputs 3 and 4 to support the income, job creations, and market development under the identified value chains. MFIs would be closely working with MSMEs for the development of robust financial linkages and access.
- Yemen Microfinance Network (YMN): the network is a non-profit NGO co-founded by UNDP and SFD as Yemen's national microfinance association in 2010. YMN is registered under the Ministry of Social Affairs and Labor as a member-based association and includes more than 95% of microfinance institutions operating in Yemen within its membership, including microfinance banks, foundations, companies, programs, and other stakeholders in the sector. The economic component would collaborate with YMN for output 3 and 6 to identify the MFIs and facilitate the collaboration of economic institutions, private sectors, MFIs, MSMEs, and local authorities.

### **South-South and Triangular Cooperation (SS/TrC)**

The conflict, and, before it, the 2011 revolution and ensuing transition political transition process, has made it difficult for UNDP Yemen to develop South-South cooperation in support of its country programme. With SIERY, there is an opportunity to re-engage on SS/TrC as there are countries in the region and beyond that have also experienced major conflict-related disturbance to their local governance system, demonstrated resilience and where new local governance models and economic resilience were implemented during the post-conflict phase. UNDP foresees SS/TrC opportunities materialize through two channels:

- Bilateral cooperation: organizing learning events gathering Yemeni local governance, SMEs, MFIs, private sector actors and policymakers and representatives of countries having undergone relevant experience in recent times (see above). Study visits could also be organized to one or two relevant countries in the region for chief executives of local authorities and local council members, as well as MoLA technical staff and civil society actors, SMEs, MFIs and private sector, with the possibility to develop longer-term cooperation with host countries.
- Multilateral: the Project will facilitate the building of linkages with the Middle East and Western Asia chapter of the United Cities and Local Government (MEWA-UCLG) international organization<sup>51</sup>.SIERY

<sup>51</sup> See <http://uclg-mewa.org/en/>

will facilitate, under Output 3, the participation of representatives of Yemeni local authorities to MEWA-UCLG events and a possible cooperation programme with the regional organization.

## Knowledge

The Project will develop and disseminate three types of knowledge products:

→ for use by the Project's beneficiaries (community structures, local authority staff, central government staff, CSOs, private sector organizations, microfinance institutions' and SMEs, public and commercial banks ): publications issued by the Project (including UNDP, responsible parties, DFTs) such as guidelines and training manuals meant to inform local stakeholders on key local governance processes, administrative norms and regulations, project business processes, templates, SMEs skill development, access to seed capital for business establishment etc.

→ for use by the wider duty-bearer and right-holder communities in the governance and economic institutions arena in Yemen, including line ministries, rule of law institutions (police, justice), civil society, private sector, as well as development partners, and consisting in openly accessible publications presenting diagnostic studies, prospective policy briefs, perception surveys, strategic recovery plans, public outreach materials, documentaries, and so forth, developed by the Project.

→ for use by the wider international community and governments of other developing countries presenting a similar context to that of Yemen and seeking to address the resilience of local governance and promising businesses under conflict conditions, including lesson learnt documents, case studies, research papers on innovative approaches successfully piloted by the Project, as well as a final report presenting the Project's approach and results.

Knowledge products will fall within the thematic areas covered by the Project (capacities for service delivery, social cohesion, local recovery funding, central-local compact, peer networking, resilient businesses) as well as on cross-cutting aspects (gender equality, social inclusion, conflict sensitivity in local governance).

All knowledge products will be developed in Arabic and English.

## Sustainability and Scaling Up

### Component 1

SIERY is designed to respond to immediate needs for resilience in service delivery, with a clear objective to avert a further deepening of the humanitarian crisis in Yemen and dissolution of state authorities. Yet, SIERY is launching an approach centred on strengthening Yemeni public expenditure management and development planning capacities and will therefore contribute to build sustainability in the long run. If the Project initially intends to work only in a limited number of governorates and districts, all interventions are meant to be scaled up eventually to all areas through country systems and with wider shared government and donor funding, when political conditions allow it. SIERY also adopts the following principles that will contribute to more sustainable results:

- i) **National ownership:** SIERY has been designed after a field diagnostic where views of a wide range of local actors on priority for support were collected. Consultations were also held with central authorities in both Aden and Sanaa to ensure a common understanding on the validity of the proposed approach and implementation modality.
- ii) **Flexibility and modularity:** SIERY avoids proposing upfront one-size-fits-all solutions. All activities under the three substantive outputs are modular and will be adapted to each district's context. Even for the L2RF, the formula used to caliber each district block grant will take into account the local context and needs. In each governorate and district, and with each national institution benefiting from the Project, an initial phase of shared diagnostic leading to a negotiated action plan will happen.
- iii) **Evidence-based policy support:** SIERY capitalizes on UNDP's long history in supporting policymaking for decentralization and capacity-building of local authorities in Yemen and the trust built with national institutions in these two areas. During the political transition, UNDP also produced a landmark report for the NDC on the future of local governance in Yemen.<sup>52</sup>

<sup>52</sup> UNDP (2013). *Options for future form of Government and Decentralization in Yemen*.

- iv) **Use of sustainability-oriented indicators:** Initial capacity assessments are scheduled in each target institution to establish a baseline on key capacity dimensions to be developed by the Project and sustainability targets will be agreed upon with these institutions.
- v) **Conflict-sensitive lens:** By putting priority on inclusiveness and accountability, by targeting areas distributed throughout the country's big political blocks and by prioritizing the reduction of territorial inequalities – all potent conflict drivers – SIERY increases the chance of resilience, hence sustainability, of the Yemeni local governance system and prepares it for a post-conflict transition that will see with no doubt important changes to it.

Nevertheless, in the eventuality of a delayed peace process and post-conflict transition, and in the absence of an improvement in the country's fiscal situation, the sustainability of certain project elements (e.g. L2RF) will be at stake.

### **Component 2:**

Interventions will adopt the value chain approach by promoting the local producers, market actors, private sectors, and economic institutions. Building the horizon and vertical linkages will strengthen the value chain, and thus the MSMEs could be sustained. MSMEs have a significant advantage over larger organizations regarding addressing sustainability issues- their size means they can react very quickly to changes in the business environment. They are disadvantaged, however, by lack of information on marketplace changes that make sustainability an opportunity to innovate, and to inspire others. While some SMEs could become a leader in the business environment as opportunities-seeing the tasks which require more change as an additional burden, rather than a source of potential advantage. The intervention has been designed to tackle bottlenecks as mentioned above, in terms of provisioning of better information and sharing about the marketplace.

The individual MSMEs will be supported to work on further forward and backward linkages to ensure the market relevance in terms of access and income from the market. The establishment of a micro-finance grant facility will also create an opportunity for MFIs to improve their business performance to facilitate access to capital and grant MSMEs. It can further improve the sentiments of MFIs to operate in challenging environments like Yemen. The market infrastructure rehabilitation within the value chain would support the actors to scale up the businesses and profits. It can also accommodate more producers, and thus more jobs and employment can be created at the local level. The intervention at the regulatory framework level to improve the information management, provision of guiding tool, and macro-level dialogues engaging economic institutions, private sectors, MFIs, MSMEs, and local authorities will enable the business environment and cushion the confidence among private sectors and MSMEs to scale-up businesses.

---

## **IV. PROJECT MANAGEMENT**

### **Cost Efficiency and Effectiveness**

Cost efficiency and effectiveness in the management of this project are maximized through the following elements:

- **National ownership and use of country systems** to implement most of the activities, especially those that require economies of scale (e.g. training local authority staff). UNDP staffing costs are concentrated on key advisory positions to ensure the overall strategic and operational management of the project; but most of the *actual* day-to-day implementation will be done by national partners, NGOs, government bodies (e.g. MoLA, MoEDU, MoPIC, MTA), private sectors, business association and local authorities. Salary costs of all civil servants involved in the Project in a delivery capacity (e.g. DFT members) will be borne by the Government of Yemen and they will receive incentives from the project paid on a performance-basis.
- **Working through experienced Responsible Parties:** the SFD, PWP and SMEPS and others would be considered as potential Responsible Parties based on their prior proven experience at managing projects for UNDP (e.g. ERRY, ECRP) and/or expertise in the area they are contracted for (with the midterm view that responsibilities will slowly transition to local governance systems). Additional responsible parties may be engaged in the Project after selection in accordance with UNDP rules and regulation.
- **Integrated implementation with other UNDP Projects:** under the new CPD, a higher level of integration across UNDP Yemen's portfolio will be achieved to deliver on the CPD outcomes. There



will be a multitude of opportunities for SIERY to conduct joint activities (workshops, diagnostics, infrastructure projects, study trips, etc.) and share costs with other UNDP projects.<sup>53</sup> Operationally, the integrated approach entails the Project using UNDP's common services for procurement, human resource management, administration, finance and logistical support for field operations in sub-offices.

- **Building partnerships with financial and technical development partners:** UNDP will coordinate closely with relevant government ministries and project donors and with other international partners and UN agencies implementing projects in the same geographical and thematic areas.

## **Project Management**

### *Project Locations and Offices*

The Project will be present and conduct activities in indicatively 8 governorates (Hodeidah, Hajjah, Sanaa, Ibb, Lahj, Aden, Marib and Hadramout) and 40 districts,<sup>54</sup> as well as at the national level with national ministries in Aden and Sanaa.

At the **national level**, the Project team will be entirely housed at UNDP Office in Sanaa, with substantial time spent at the office of national partners (e.g. MoLA, MoPIC) for Component 1 to provide policy advisory and capacity development support. Similar support will be provided to ministerial offices in Aden by the Country Office team. At the **subnational level**, Project staff will be housed in UNDP Hubs (Hodeidah, Aden, Marib, Hadramout), except for the North Team, covering Sanaa and Ibb.

### *Implementation arrangements*

The Project will use the **Direct Implementation Modality (DIM)**, under which UNDP is the lead Implementing Partner (IP). Under DIM, UNDP will bear full responsibility and accountability to manage the project, achieve project outputs and ensure the efficient use of funds. The UNDP will be accountable to the funding partners for the disbursement of funds and the achievement of the project objective and outcomes, according to the approved work plan. In particular, UNDP will be responsible for the following functions: (i) coordinating activities to ensure the delivery of agreed outcomes; (ii) certifying expenditures in line with approved budgets and work-plans; (iii) facilitating, monitoring and reporting on the procurement of inputs and delivery of outputs; (iv) approval of Terms of Reference for consultants and tender documents for sub-contracted inputs; and (vi) reporting to the Project Board on project delivery and impact. UNDP Deputy Resident Representative will take overall responsibility for achieving results of the project and report to the Project Board. Under her/his supervision, the day-to-day management of the Project will be delegated to a Project Management Team (PMT).

UNDP will enter into agreement with other entities, or responsible parties (RP)<sup>55</sup> to deliver project outputs. So far, some RPs have been tentatively identified (e.g. SFD, SMEPS, PWP), additional parties will have to be identified during the course of the project implementation, they will be selected and contracted according to UNDP rules and regulations.

UNDP will sign a standard **Memorandum of Understanding (MoU)** with MoLA, which will cover project support to national and local authorities. Separate **Letters of Agreement (LOAs)** will be signed with each governorate and district authority supported to delineate areas of collaboration, support provided by the project and mutual obligations. A separate MoU will be developed for the L2RF modality and signed with MoLA, MoPIC and MoF. It will describe the responsibilities of the different parties involved (UNDP, Project Board, SFD) and the modalities used for selecting the fund allocation formula and the SOPs for sub-grant project selection and funds release, as well as sub-grantees following UNDP's rules and regulations.

### *Equipment, supplies and other property*

<sup>53</sup> See acronym section on p.2.

<sup>54</sup> See remarks above about ultimate selection of location and number of Governates and districts

<sup>55</sup> The Responsible Party is defined as an entity that has been selected on the basis of its comparative advantage to deliver 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 the LoA. With regard to the RP, as mentioned in the Financial / Fiduciary Risk Management Section, UNDP uses a partner-based risk management approach in line with the UN Harmonized Approach Cash Transfers policy. The RPs listed are indicative and will be decided upon during the Inception Phase.

Ownership of equipment, supplies and other property financed from the project shall vest in the UNDP. Matters relating to the transfer of ownership by the UNDP shall be determined in accordance with applicable policies and procedures of the UNDP and relevant provisions of the contribution agreements concluded with the donors.

*Collaborative arrangements and Operational efficiency*

SIERY will cost-share certain implementation costs with other UNDP projects working on Governance and the Rule of Law, including possible staff-sharing arrangements, cost-sharing of responsible partners (e.g. where SFD implements similar activities for ERRY and for SIERY in the same district) and joint activity execution (e.g. training, knowledge exchange and planning workshops).

Accordingly, the organizational costs incurred by UNDP in terms of staff time and other implementation costs of a policy-advisory, technical and implementation nature essential to deliver development results of the project will be included in the project budget and directly charged.



## V. RESULTS FRAMEWORK<sup>56</sup>

**Intended Outcome as stated in the UNDAF/Country [ or Global/Regional] Programme Results and Resource Framework:**

**Country Programme Document: (CPD) 2019-2021:**

**Outcome 1: Yemenis contribute to and benefit from inclusive, accountable and gender responsible governance, at local and central**

**Outcome 2: Yemenis improve their livelihoods and access productive services**

**Related outcome indicators as stated in the Yemen CPD:**

**Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:**

Indicator 1.1: Number of resourced and implemented local development plans at district level. (Baseline: 48 districts (2019), Target: 150)

Indicator 1.2: Number of population with access to essential public services. (Baseline: tbd, Target; tbd)

Indicator 2.1: Number of people benefiting from jobs and improved livelihoods in crisis or post-crisis settings, disaggregated by sex and other characteristics (Governorates)

Indicator 2.2: #of crisis-affected districts where critical benchmarks for local economic revitalization (LER) are met (Districts)

Indicator 2.3: Number and proportion of women among beneficiaries of recovery programmes (Governorates)

**Applicable Output(s) from the UNDP Strategic Plan 2018-2021:**

Signature Solution 1: Keeping people out of poverty

Signature Solution 2: Strengthen effective, inclusive and accountable governance

Signature Solution 6: Strengthen gender equality and the empowerment of women and girls

**Project title and Atlas Project Number: Resilience and Local Governance in Yemen (SIERY). Project Award ID: 00122248**

Expected Outputs	Indicator	Baseline (value & reference year)	Target				Data Collection Methods and Risks
			Year 1	Year 2	Year 3	Final (cum)	
<b>Impact (overall objective): To ensure economic and social wellbeing for Yemeni, in particular for the poorest and most vulnerable</b>	1. Proportion of population below the international poverty line, disaggregated by sex, age, employment status and geographical location (urban/rural) - (SDG 1.1.1.)	1. tbd	Tbd	tbd	tbd	1. tbd	<u>Method:</u> Desk Review, Survey <u>Risk:</u> N/A
	2. Average annual household income, disaggregated by location (rural/urban), ethnicity	2. tbd	Tbd	tbd	tbd	2. tbd	<u>Method:</u> Desk Review <u>Risk:</u> N/A

<sup>56</sup> 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.

<b>Outcome (specific objective) 1.</b> Increased institutional and socio-economic resilience in targeted Districts in Yemen	1.1 Proportion of population living in households with access to essential public services, disaggregated by sex, age, migration status, type of service (SDG 1.4.1)	1.1 tbd	Tbd	tbd	tbd	1.1 tbd	<u>Method:</u> Desk review <u>Risk:</u> N/A
	1.2. Number of districts with increase of investment budget (actual) per capita <i>[or: proportion of total district spending on essential services (SDG 1.a.2)]</i>	0 (2019)	20	30	40	40	<u>Method:</u> Desk Review, Survey <u>Risk:</u> N/A
	1.3 Primary school attendance rate, disaggregated by sex, age and migration status in target districts (overall)	tbd (2019)	Tbd	tbd	tbd	tbd	<u>Method:</u> Project progress review <u>Risk:</u> unavailability of reliable data
	1.4 Level of public satisfaction with essential service delivery, disaggregated by identity group and region	tbd (2019)	Tbd	tbd	tbd	tbd	<u>Method:</u> Baseline and Endline Survey <u>Risk:</u> limited sample size due to restrictions to the targeted areas.
<b>Outcome (specific objective) 2.</b> Improved business environment for economy recovery and employment opportunities	2.1 Number of people benefiting from jobs and improved livelihoods in crisis or post-crisis settings, disaggregated by sex and other characteristics (Governorates)	tbd (2019)	Tbd	tbd	tbd	tbd	<u>Method:</u> Project progress review <u>Risks:</u> Target beneficiaries is lower than its expected.
	2.2 # of crisis-affected districts where critical benchmarks for local economic revitalization (LER) are met (Districts) (in line with EU RF 2.12)	tbd (2019)	tbd	tbd	tbd	tbd	<u>Method:</u> Project progress review. <u>Risk:</u> N/A
	2.3 Proportion of women among beneficiaries of recovery programmes (Governorates)	tbd (2019)	tbd	tbd	tbd	tbd	<u>Method:</u> Project progress review <u>Risk:</u> N/A
	2.4 Number of short-term employments created through the market infrastructure rehabilitation (skilled and unskilled and gender disaggregated)	0 (2019)	5375	8600	7525	21.5	<u>Methods:</u> - Project progress review - Impact assessment
	2.5 Number of producers, retailers, buyers etc benefitted from the market infrastructure rehabilitation	0 (2019)	5000	8000	7000	20000	<u>Methods:</u> - Field visits - Third Party Monitoring
	2.6 Number existing business associations with improved financial capacity at district level	0 (2019)	0	3	3	6	<u>Risks:</u> - Unavailability of reliable data. - Access to the targeted locations are restricted due to security reasons

							and/or COVID-19 pandemic.
<b>Output 1.1:</b> Strengthened Local authorities' capacities to respond to community needs for services in an inclusive and accountable manner.	1.1.1: Number of gender-responsive District Capacity Development Plans [developed/implemented] with support of District Facilitation Teams with support of the EU-funded intervention	0 (2019)	0	30	40	40	<u>Methods:</u> - Field visits - Third Party Monitoring  <u>Risks:</u> - Unavailability of reliable data. - Access to the targeted locations are restricted due to security reasons and/or COVID-19 pandemic
	1.1.2: Number of Sub-District Committees (or equivalent) in target areas that are connected to district authorities through formal arrangements for managing service delivery and conflict resolution	0 (2019)	30% of total # sub-districts in target areas	50% of total # of sub-districts	70% of total # of sub-districts	70% of total # of sub-districts	
	1.1.3. Number variation of average attendance rate of staff working in district authority offices	0 (2019)	0.1	0.25	0.5	+50% compared to baseline attendance	<u>Method:</u> Baseline and Endline Survey  <u>Risk:</u> attendance rates not honestly reported.
	1.1.4 Percentage of women and youth [18-35] among participants of training activities of the project with increased knowledge/skills, disaggregated by sex, age.	N/A (2019)	(i) 10%	(i) 20% (w,y)	(i) 30% (w,y)	(i) 30% (w, y)	<u>Methods:</u> - Pre-and-post-test assessments. - Third-party monitoring  <u>Risk:</u> Low attendance rate
	1.1.5. Percentage of District Authorities with fully functional Women's Affairs Units	Tbd (RLGD=7%) (2019)	20%	40%	60%	60%	<u>Methods:</u> - Third-party monitoring - Project progress review  <u>Risk:</u> Low operationalization of District Authorities with fully Women's Affairs Units

<b>Output 1.2:</b> Improved capacities of public services providers for scaling up the reach out to the most vulnerable.	1.2.1: Percentage of women seating in representative structures (Sub-district Committees, District Recovery Platforms)	Tbd (2019)	10%	15%	20%	20%	<u>Methods:</u> - Third-party monitoring - Project progress review - Document reviews (gender responsive recovery plans)
	1.2.2: Number of gender-responsive recovery plans (a) for service delivery (district), (b) for local economy (governorate), [developed/amended/adapted/implemented] with support of the EU-funded intervention	(a) 8, (b) 0 (2019)	(a) 8 (b) 0	(a) 30 (b) 5	(a) 40 (b) 8	(a) 40 (b) 8	<u>Risks:</u> - Limited involvement and participation of relevant public service providers on gender-response recovery plans. - Limited time to operationalize gender-responsive recovery plans.
	1.2.3. Number of local authorities' representatives trained in capacity development and educational planning with increased capacities with support of the EU-funded intervention, disaggregated by sex, type of local authorities, specific topic of the training	0 (2019)	tbd	tbd	tbd	tbd	<u>Methods:</u> - Field visits - Class observation - Pre-and-post test assessments  <u>Risks:</u> Low participation from local authorities' representatives
	1.2.4 Number of community-, district- and governorate-level projects funded via the LR2F	0 (2019)	tbd	tbd	tbd	tbd	<u>Methods:</u> - Project progress review. - Review on budget and disbursement schedule <u>Risks:</u> Limited community, districts and governorates level projects funded vica the LR2F due to time and access constraints.
<b>Output 1.3:</b> Strengthened central-local and horizontal relations between local governance stakeholders	1.3.1. Percentage of Governorate Authorities satisfied with policy and technical support provided by central government with support of the EU-funded intervention.	N/A (RLGD: 33%) (2019)	40%	50%	60%	60%	<u>Methods:</u> Baseline and Endline Survey
	1.3.2. Number of dialogue events between local and central authorities producing policy recommendations with support of the EU-funded intervention	0 (2019)	1	2	2	5	<u>Methods:</u> - Field visits - Document reviews on draft policy and recommendations

	1.3.3. Number of women's affairs units in targeted central administrations producing gender mainstreaming strategy notes, guidelines facilitation/support or tools with support of the EU-funded intervention	1 (2019)	1	2	4	4	<u>Methods:</u> - Document reviews on draft gender mainstreaming strategy notes - Field visits  <u>Risks:</u> Limited and low participation from women's affairs units
	1.3.4. Percentage of Yemeni women among local governance representatives at international peer exchange events organised with support of the EU-funded intervention	0 (2019)	10%	20%	20%	20%	<u>Methods:</u> Project progress review
<b>Output 2.1:</b> Strengthened linkages/cooperation opportunities between MSMEs, private sector and MFIs involved in the value chains	2.1.1: Number of persons with developed capacities on business and technical skills and applied skills for income generation and employment prospects (disaggregated by sex, age) with support of the EU-funded intervention	0 (2019)	1000 (40% women and youth)	1500 (40% women and youth)	500 (40% women and youth)	3000 (40% women and youth)	<u>Methods:</u> - Field visits - Third Party Monitoring - Gender Analysis - Impact Assessment - Longitudinal Case Studies  <u>Risks:</u> Limited resources available in Yemen to conduct data collection, assessments, case studies/
	2.1.2: Number of local MSMEs and producer groups in priority sectors supported by the EU-funded intervention, disaggregated by age and gender of owner, including number of new MSMEs established.	0 (2019)	1000 (40% women and youth)	1500 (40% women and youth)	500 (40% women and youth)	3000 (40% women and youth)	<u>Risks:</u> Limited resources available in Yemen to conduct data collection, assessments, case studies/
	2.1.3. Number of long-term jobs and employment supported/sustained by the EU, disaggregated by age and gender of the employee (EU RF 2.12)	0 (2019)	2000 (SMEs are defined by at least 2-3 people employed)	3000 (SMEs are defined by at least 2-3 people employed)	1500 (SMEs are defined by at least 2-3 people employed)	6500 (jobs-disaggregated by Gender)	<u>Methods:</u> - Field visits - Third Party Monitoring - Gender Analysis - Impact Assessment  <u>Risks:</u> Inadequate data and information to generate good reports.
	2.1.4 Number of business advisory support center established, generated income by supporting MSMEs with support of the EU-funded intervention	0 (2019)	0	0	1(District)	1(District)	
<b>Output 2.2:</b> Increased and de-risked access to financial	2.2.1: Number of gender sensitive market facilities or infrastructures improved/rehabilitated with support of the EU-funded intervention	0 (2019)	25	40	35	100	<u>Methods:</u> - Field visits - Third Party Monitoring - Gender Analysis

services for economic agents in promising value chains							<ul style="list-style-type: none"> <li>- Impact Assessment</li> </ul> <u>Risks:</u> <ul style="list-style-type: none"> <li>- Low quality of the rehabilitation of gender sensitive markets facilities due to limited number of contractors with proven good track-records.</li> </ul>
	2.2.2: Number of beneficiaries with access to financial services with EU support: a) firms, b) individuals (EU RF2.13)	0 (2019)	tbd	tbd	tbd	tbd	<u>Methods:</u> <ul style="list-style-type: none"> <li>- Survey</li> <li>- Market Assessment</li> <li>- Commodity Survey</li> </ul> <u>Risk:</u> <ul style="list-style-type: none"> <li>- Inadequate data and information available in the field</li> </ul>
	2.2.3 Number of MSMEs/business associations receiving credit with support of the EU-funded intervention, disaggregated by sex of MSME owner	0 (2019)	tbd	tbd	tbd	tbd	<u>Methods:</u> <ul style="list-style-type: none"> <li>- Field visits</li> <li>- Third Party Monitoring</li> <li>- Gender Analysis</li> <li>- Micronarrative</li> <li>- Impact Assessment</li> </ul> <u>Risks:</u> <ul style="list-style-type: none"> <li>- Access to the targeted locations is limited to collect and gather information on MSMEs/business associations receiving credits from EU funded interventions.</li> </ul>



## 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:

### A. MONITORING PLAN

Monitoring Activity	Purpose	Frequency	Expected Action	Partners	Cost*
<b>Baseline Setting</b>	Collect baseline figures for RRF indicators not readily available at the time of Project design and requiring research/survey inputs	Once (first quarter)	All indicators will have baseline value by Month 3 of Project, unless specified differently	UNDP SFD STC SMEPS	644,000
<b>Track results progress</b>	Progress data against RRF indicators will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Six-monthly.	Slower than expected progress will be addressed by project management.	UNDP SFD, PWP STC, SMEPs	
<b>Monitor and Manage Risk</b>	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 SFD, PWP STC, SMEPs	1,000,000
<b>Learn</b>	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.	Twice a year	Relevant lessons are captured by the project team and used to inform management decisions.	UNDP SFD, PWP STC, SMEPs	70,000
<b>Annual Project Quality Assurance</b>	The quality of the project will be assessed against UNDP's quality standards to identify strengths and weaknesses and to inform management to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to improve project performance.	UNDP	639, 343.69
<b>Review and Make Course Corrections</b>	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	

<b>Project Report</b>	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 long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)		UNDP	75,000
<b>Project Review (Project Board)</b>	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.	Twice per year	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	120,000

\* The **budget**, including M&E budget, is presented in Annex III – Budget of the Action. This includes salaries of UNDP M&E staff, third-party monitoring and M&E publications.

## B. Evaluation Plan

<b>Evaluation Title</b>	<b>Partners (if joint)</b>	<b>Related Strategic Plan Output</b>	<b>UNDAF/CPD Outcome</b>	<b>Planned Completion Date</b>	<b>Key Evaluation Stakeholders</b>	<b>Cost and Source of Funding*</b>
Final Project Evaluation	N/A	N/A	1	December 2022	Government of Yemen UNDP EU, donors	130,000
Final Review	N/A	N/A	1	February 2023	Government of Yemen UNDP EU, donors	30,000

\* The **budget**, including the Evaluation budget, is presented in Annex III – Budget of the Action.

## VII. MULTI-YEAR WORK PLAN <sup>5758</sup>

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES <sup>59</sup>	YEAR			RESPONSIBLE	PLANNED BUDGET		
		1	2	3	PARTY	Funding Source	Budget Description	Amount (US\$)
<b>OUTPUT 1.1</b>  <i>Strengthened Local authorities' capacities to respond to community needs for services in an inclusive and accountable manner.</i>  <i>Gender marker: 2</i>	<b>1.1.1 Governorate authorities have the capacities, tools and incentives to provide better technical guidance and capacity development to district authorities.</b> <ul style="list-style-type: none"> <li>Update and customize training and coaching materials on public expenditure management used in previous UNDP/MoLA Projects.</li> <li>Establish and train District Facilitation Teams.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>Train DFTs on gender-sensitive and youth-sensitive approaches to capacity development and gender/youth-based analysis.</li> <li>Support development of specialized curricula resources on promoting women and youth roles in decision-making.</li> </ul>	X	X	X	UNDP	EU	Consultants, Travel, Professional Services, Workshops/Training	311,480.00

<sup>57</sup> 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

<sup>58</sup> 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.

<sup>59</sup> A more detailed implementation timeline will be discussed and decided upon during the Inception Phase, when the ramifications of the Covid 19 pandemic in Yemen, especially its impact on implementation modality and required time by UNDP and RPs/IPs, can be mapped out in detail.

	<p><b>1.1.2. Linkages between district authorities and communities are strengthened through the activation of representative Sub-District Committees.</b></p> <ul style="list-style-type: none"> <li>• Establish and train Sub-District Committees through networking of community-based structures (VCCs, neighbourhoods committees) on participatory planning and service delivery monitoring.</li> <li>• Train local CSOs on Yemeni local governance system, participation methods, vulnerability analysis and civil society roles in local governance (advocacy, watchdog, policy initiative).</li> <li>• Training SDCs, local authorities, tribal structures and CSOS on conflict prevention, conflict resolution and conflict-sensitive planning.</li> <li>• Conduct participatory conflict scans (where not yet done)</li> </ul> <p><i>Women and Youth</i></p> <ul style="list-style-type: none"> <li>• Raise awareness on the roles of women and youth for conflict resolution and social cohesion</li> <li>• Train women and youth members in SDCs for leadership and communications</li> <li>• Prioritize women / youth CSOs for conflict management training</li> </ul>	X	X	X	UNDP SFD	EU	Consultants, Travel, Professional Services, Workshops/Training, Equipment, Grants	1,710,000.00
EXPECTED OUTPUTS	PLANNED ACTIVITIES <sup>60</sup>	YEAR			RESPONSIBLE	PLANNED BUDGET		
		1	2	3	PARTY	Funding Source	Budget Description	Amount

<sup>60</sup> A more detailed implementation timeline will be discussed and decided upon during the Inception Phase, when the ramifications of the Covid 19 pandemic in Yemen, especially its impact on implementation modality and required time by UNDP and RPs/IPs, can be mapped out in detail.

	<p><b>1.1.3. District authorities are more capable of performing regular public expenditure management functions in a participatory and transparent manner.</b></p> <ul style="list-style-type: none"> <li>• District-level capacity assessments, including for PEM cycle, and production of District Capacity Development Plans (CDPs) target to district authorities, including district councils.</li> <li>• Establish District Core Teams</li> <li>• Implementation of DCDPs (training, mentoring) by DFTs and DCTs.</li> <li>• Strengthening of data management systems (incl. ICT) in district authorities</li> <li>• Micro-grant and coaching to local CSOs to pilot social accountability initiatives methods on service delivery and revenue management.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Support gender and age disaggregation of district statistics.</li> <li>• Institutional and capacity-building support to Women’s Affairs Units and women staff in district Diwans</li> <li>• Introduction of gender-based analysis and gender-based planning tools in SEOs.</li> <li>• Gender/youth/vulnerability focus in social accountability initiatives focus</li> </ul>	X	X	X	UNDP	EU	Consultants, Travel, Professional Services, Workshops/Training, Equipment	1,643,170.00
--	---	---	---	---	------	----	---	--------------

	<p><b>1.1.4. District authorities manage their human and financial resources more efficiently and accountably.</b></p> <ul style="list-style-type: none"> <li>• Diagnostics on public financial management and human resource management in district authorities.</li> <li>• Local revenue diagnostics, including revenue potential, collection efficiency, transparency, social equity, development impact, and citizens' perceptions.</li> <li>• Adoption of District Accountability Improvement Plans (DAIPs) with district authorities and implementation.</li> <li>• Technical support for increasing accountable and equitable local revenue generation.</li> <li>• Support to Projects Units at to enhance project design and procurement.</li> <li>• Support resumption of COCA operations in target governorates.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Prioritize women staff for training opportunities</li> <li>• Develop induction courses for young recruits into district authority offices.</li> <li>• Promote women-friendly recruitment methods and working environments in district authorities.</li> </ul>	X	X	X	UNDP SFD	EU	Consultants, Travel, Professional Services, Workshops/Training	1,130,200.00
--	---	---	---	---	-------------	----	--	--------------



SUB-TOTAL OUTPUT 1.1								4,785,850.00
<p><b>OUTPUT 1.2</b></p> <p><i>Improved capacities of public services providers for scaling up the reach out to the most vulnerable.</i></p> <p><i>Gender marker: 2</i></p>	<p><b>1.2.1 Pathways for resilience and recovery of basic and social services are identified by inclusive local platforms and reflected in annual plans</b></p> <ul style="list-style-type: none"> <li>• Help establish and/or strengthen District Recovery Platforms (DRPs), gathering representatives of Sub-District Committees, DCTs and key sectors of society (civil society, private sector, tribal leadership, independent experts).</li> <li>• District service delivery audits for key sector areas with the participation of DRPs leading to action plans to relieve bottlenecks on inclusiveness and effectiveness of service delivery.</li> <li>• Support to DRPs to prepare 3-year District Resilience &amp; Recovery Plans (D2RPs) detailing investment and capacity-building requirements for key sectors, with priorities for immediate funding.</li> <li>• Support regular district annual planning and budgeting aligned with D2RPs.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Provide leadership and communications training to DRP women &amp; youth.</li> <li>• Focus service delivery audits on vulnerability and marginalization issues.</li> <li>• Use of gender-based and youth-based result targets in all recovery plans</li> </ul>	X	X	X	SDF	EU	Consultants, Professional Services, Travel, Workshops/Training	979,450.00

	<p><b>1.2.2. Key sustainable development dimensions (local economic recovery, resilient urbanization) are considered by local authorities and initial actions taken in line with the SDGs.</b></p> <ul style="list-style-type: none"> <li>• Raise awareness and pilot SDG localization approach in governorate planning.</li> <li>• Establish Governorate Economic Recovery Committees (GERCs) with Governorate Authorities (Planning, Trade &amp; Industry), Chambers of Commerce &amp; Industry, financial institutions, business associations and train on LER theory and planning.</li> <li>• Conduct diagnostics on local economy, business environment and productive sectors, including needs of MSMEs and producer groups (in partnership with Pillar 1).</li> <li>• Support GERC to adopt LER Action Plan and select priority projects for funding.</li> <li>• Establish Urban Planning &amp; Management Committees (UPMCs) with Governorate Authorities (Planning, Public Works), District authority, National Authority for Land Survey and Urban Planning, private sector, neighbourhood committees and CSOs.</li> <li>• Conduct urbanization diagnostic (using UN-HABITAT City Profile methodology) in 3 cities where not yet available.</li> <li>• Support UPMCs to prepare Resilient Urbanization Action Plans and select priority projects for funding.</li> <li>• Technical support to long-term urban planning including master plans, zoning plans and infrastructure development plans.</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Inclusion of women and youth entrepreneurs in LER planning exercise; establishing specific targets for women &amp; youth businesses in LED plans.</li> <li>• Prioritize women and child / youth-friendly spaces in urban growth rapid interventions and urban planning.</li> </ul>	X	X	X	UNDP SFD PWP	EU	Consultants, Travel, Professional Services, Workshops/Training	893,040.00
--	---	---	---	---	--------------------	----	--	------------

	<p><b>1.2.3. Multi-purpose local recovery supports the implementation of local priorities.</b></p> <ul style="list-style-type: none"> <li>• Establish the Local Resilience &amp; Recovery Funds (L2RF) and finalize SOPs &amp; allocation formulas with the Project Board</li> <li>• Release funds through the various windows at governorate and district level based on priorities identified through participatory planning exercises (see AR 2.1 and 2.2.)</li> <li>• Sub-grant project implementation and monitoring.</li> <li>• Strengthen capacities of district authorities for donor coordination</li> </ul> <p><i>Women and youth:</i></p> <ul style="list-style-type: none"> <li>• Supporting women and youth participation in decision-making on LRF priorities and grant project implementation.</li> </ul>	X	X	X	UNDP SFD PWP	EU	Consultants, Travel, Professional Services, Workshops/Training, Grants	31,174,000.00
	<p><b>1.2.4. Integrated support to restoring education services in affected communities helps restore livelihoods, stability and social cohesion.</b></p> <ul style="list-style-type: none"> <li>• Develop capacities on educational planning for local authorities, with an emphasis on collaborative planning, design and implementation with key local stakeholders of local education</li> <li>• Provide integrated support to restoring education services in affected communities, with an emphasis on restoring livelihoods, stability and social cohesion.</li> <li>• Rehabilitate classrooms, WASH facilities, school furniture, distribution of school supplies, training of school personnel on safety and risk management, and back-to-school campaigns for enrolment.</li> <li>• Support school children well-being through teacher training, child protection activities, psycho-social and rehabilitative support to children with special needs.</li> <li>• Support the education system: capacity building for local and national education stakeholders including local authorities, school management, parents' associations and the ministry of education (MoEDU).</li> </ul>	X	X	X	To be selected	EU	Professional Services	6,346,832.76
	<b>SUB-TOTAL OUTPUT 1.2</b>							<b>39,393,322.76</b>

<b>OUTPUT 1.3</b>  <i>Strengthened central-local and horizontal relations between local governance stakeholder</i>  <i>Gender marker: 2</i>	<b>1.3.1. Regulatory and administrative measures needed to restore functional central-local relations are taken.</b> <ul style="list-style-type: none"> <li>• In-depth diagnostic on inter-governmental relations (district / governance / central) in order to identify critical bottlenecks for a more effective and crisis response-oriented relationship, especially for policy, capacity development, oversight, human &amp; financial resources management aspects.</li> <li>• Facilitate central-local dialogue to implement rapid measures relieving identified bottlenecks in intergovernmental relations.</li> <li>• Increase connectivity between local authorities and central government through appropriate e-solutions.</li> </ul>	X	X	X	UNDP To be selected	EU	Consultants, Travel, Professional Services, Workshops/Training	277,440.00
	<b>1.3.2. Capacities of key central authorities to support the resilience of local governance system strengthened.</b> <ul style="list-style-type: none"> <li>• Training and capacity development to MoLA &amp; MoPIC in particular for policy development, crisis response, oversight and technical support to local authorities, and monitoring.</li> <li>• Support initiatives promoted by local platforms, national stakeholders and the OSESGY to discuss post-conflict local governance &amp; decentralisation.</li> </ul> <i>Women and youth:</i> Conduct training programmes on gender and youth mainstreaming in local governance for central ministry staff. Provide logistical & technical support to ministerial women's affairs units	X	X	X	UNDP To be selected	EU	Consultants, Travel, Professional Services, Workshops/Training, Equipment	498,160.00
	<b>1.3.3. Platforms of local governance actors, including local authorities, are fostered, strengthened and connected to international peer support networks.</b> <ul style="list-style-type: none"> <li>• Strengthen inter-district coordination and cooperation for service delivery, LED and social cohesion projects.</li> <li>• Support and train sub-regional / national platforms of local governance actors for sharing experience and building joint policy platforms, including between LER/LED actors.</li> <li>• Support cooperation with the UCLG-MEWA.</li> <li>• Support South /South Exchanges with countries successfully transitioned into more effective post-conflict local governance systems.</li> </ul> <i>Women and youth:</i> Prioritize women & youth participation in platforms and peer exchange	X	X	X	UNDP To be selected	EU	Consultants, Travel, Professional Services, Workshops/Training	433,300.00
<b>SUB-TOTAL OUTPUT 1.3</b>								<b>1,218,900.00</b>

<b>OUTPUT 2.1</b>  <i>Strengthened linkages/cooperation opportunities between MSMEs, private sector and MFIs involved in the value chains</i>  <i>Gender marker: 2</i>	<b>2.1.1 Enhanced business and life skill development on value chain approach for medium and long terms income generation and employment prospects:</b> <ul style="list-style-type: none"> <li>Review and update value chain analysis of promising sectors (honey, fisheries, livestock, coffee, horticulture and waste to energy).</li> <li>Identification of maximum three promising sectors for interventions.</li> <li>Need based business skills capacity building by SMEPs for targeted individuals through certified trainers.</li> <li>Promotion of women and youth's engagement in the capacity development of business skills.</li> </ul>	X	X	X	UNDP SMEPs	EU	Contractual Services – Companies, Learning Costs, Travel, Workshops/Training	650,000.00
	<b>2.1.2 Improved networks of producers (MSMEs), private sectors and microfinance institutions to strengthen the existing value chain association at district level.</b> <ul style="list-style-type: none"> <li>Selection of existing business associations.</li> <li>Technical support to the associations (training and consultancy support) and development of business proposal/ plans by the associations.</li> <li>Provision of financial grants through financial service providers to the business advisors (BAs).</li> <li>Networking events for business associations for the income generation activities.</li> <li>Organization of exposure visits for cross exchange and learning for MSMEs, MFIs and private sectors.</li> </ul>	X	X	X	UNDP SMEPs	EU	Contractual Services – Companies, Travel, Equipment, Learning Costs	7,847,650.00
	<b>2.1.3. Enhanced business advisory support and assistance to MSMEs to improve business continuity, risk management, marketing and expansion of business.</b> <ul style="list-style-type: none"> <li>Selection of technical consultants/ business advisors in each targeted district.</li> <li>Development of group of MSMEs and allocation of business advisors as per the value chain sector for mentoring, coaching and technical assistance.</li> <li>Explore the possibility to establish Business Advisory Resource Center (BARC).</li> </ul>	X	X	X	UNDP SMEPs	EU	Contractual Services – Companies, Travel, Equipment, Learning Costs	642,500.00
<b>SUB-TOTAL OUTPUT 2.1</b>								<b>9,140,150.00</b>

<b>OUTPUT 2.2</b>  <i>Increased and de-risked access to financial services for economic agents in promising value chains</i>  <i>Gender marker: 2</i>	<b>2.2.1 Reconstruction of market facilities and infrastructures have improved access and services for MSMEs and private sectors to improve productivity</b> <ul style="list-style-type: none"> <li>Organizing meeting with SFD/PWP and district authority to access fund for the market infrastructure rehabilitation.</li> <li>Identification of skilled and unskilled individuals for market rehabilitation for emergency employment.</li> <li>Identification of market centers at sub-district, district and governorate levels to be rehabilitated</li> <li>Capacity building of private sectors and MSMEs on Occupational Health and Safety (OHS) to ensure mitigation of any potential hazard incidence.</li> <li>Provision of grant from district fund and SMEPs grant facility through banks for market rehabilitation.</li> </ul>	X	X	X	UNDP SMEPs	EU	Contractual Services – Companies, Travel, Grants, Workshops/Training, Learning Costs	7,184,159.26
	<b>2.2.2 Improved access to microfinance services (capital and grant) for the recovery of micro, small and medium enterprises with good potential for job creation and income generation</b> <ul style="list-style-type: none"> <li>Identification of microfinance institutions (MFIs) in the targeted location.</li> <li>Establishment of grant and loan facility support provision by the SMEPs.</li> <li>Development of business proposals for the selected value chain sectors by the targeted individuals and review by advisory committee<sup>61</sup>.</li> <li>Selection of business proposals and provision of loan and grant through existing system to targeted individuals for MSMEs establishment.</li> </ul>	X	X	X	UNDP SMEPs	EU	Contractual Services – Companies, Travel, Workshops/Conferences, Grants	1,052,100.00
<b>SUB-TOTAL OUTPUT 2.2</b>								<b>8,236,259.26</b>
<b>TOTAL OUTPUT S (1.1+1.2+1.3+2.1+2.2)</b>								<b>62,774,482.02</b>
<b>PROJECT MANAGEMENT</b>	Activity 3.1: Adequate technical and operational management of the project to achieve intended objectives is ensured.	X	X	X	UNDP	EU	Contractual services, travel, consultants, ITC, Common service share, country office support	13,144,387.14
	Activity 3.2: Lessons learnt are developed and shared and contribute to shaping the post-conflict Yemeni state.	X	X	X	UNDP	EU		685,000.00
	<b>Project Management Support (7%)</b>	X	X	X	UNDP	EU		5,362,270.84
<b>TOTAL</b>								<b>81,996,140.00</b>

<sup>61</sup> ISdB and SILATECH will be consulted to create synergies and complementarities.



## VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The proposed governance and management structures for SIERY will ensure UNDP's accountability for programming activities, results, monitoring and management of risks, and the use of resources, while at the same time fostering national ownership and alignment with national processes. The below presents different roles and responsibilities of the Project Board and of key Project staff positions.

### *Project Governance*

The **Project Board** is the highest authority within the Project's governance structure. The Board is responsible for providing overall strategic direction to ensure that the project's objectives are being met, that progress is achieved against set targets, and that risks and issues are adequately addressed through management actions. The Board is composed of the following members:

- Senior Executive: UN Resident Representative in the role of Senior Executive.
- Senior Beneficiaries: Representatives from all three tiers of government involved.
- Senior Suppliers: EU, other donors, civil society and private sector.

Decision-making is done through consensus of the members of the Project Board present at a duly convened meetings of the board, with the Senior Executive holding the final decision right in case of hanged board. Senior Beneficiaries will be represented by Governors and District Directors from target areas (a workable minimum quorum will be decided upon during the first Project Board Meeting). Other relevant stakeholders may be invited to attend Project Board meetings as observers, as approved by the members, but without decision-making rights. The Board will meet twice per year but can be convened at an ad-hoc basis at the request of any of the members or of the Project Manager.

The UNDP Country Office will perform a **Project Assurance** role, in support of the Project Board, by carrying out objective and independent project oversight and monitoring functions to ensure strategic and substantive coherence between the UNDP Country Programme and SIERY, project relevance and compliance with quality standards, completion of appropriate project management milestones and implementation according to UNDP rules and regulations. This role cannot be delegated to the Project Manager. A UNDP Programme Officer, or M&E Officer, will hold the Project Assurance role on behalf of UNDP.

### *Project Staffing and Implementation:*

The key resources that will be required by the Project to achieve its expected results are summarized below.

#### **a Human Resources**

The Project Office will include dedicated staff carrying out various forms of tasks including technical assistance, administration and management. The tasks listed in the Description of the Action, undertaken by staff assigned to the project office are directly attributable to the implementation of the Action. The Project Office will be organized in two teams: (1) Project Management and Support, and (2) Field Support. The human resources required for the implementation of the project comprise of **14 full-time project staff** (for 36 months) based in UNDP country office, **1 part-time project staff** based at UNDP office to EU at Brussels, Belgium (15 in total for Project Management and Support), and **5 local project staff based in the five field offices** of the country (5 in total for Field Support).

The full-time dedicated project staff in the Field Offices will be charged through direct project costs for the time spent directly attributable to the implementation of the Action.

The project management staff includes local governance specialists and economic resilience specialists with extensive experience who are fully proficient and experienced with the local context. The proposed team structure is carefully selected to cover the needed management, coordination and policy guidance, the required technical knowledge, monitoring and communication assets.

### a.1. Project staff:

- **One Chief Technical Advisor/Project Manager (CTA/PM, international, P5, 100%):** The CTA / PM is responsible for providing overall strategic and technical guidance to the Project Team and for executing project funds according to the work plans established by the Project Team and approved by the Project Board, including the synergies and collaboration between the two components. S/he is in charge of overall monitoring and reporting to the Board and donors. S/he will be the interface between the Project Team and the Deputy Country Director / Programme as well UNDP Country Office's Operations structure. The CTA/PM should ensure that the utilization of project funds remains within the framework set by Project Document and approved AWP, allowable deviation from time and budgets, Project Board/UNDP Country Office decisions, UNDP Rules and Regulations, and national legislation. The CTA/PM will provide direction and guidance to the Project Office. The CTA/PM will also have an important technical assistance function to national institutions (especially for Output 3). The CTA/PM will represent the Project in UNDP Country Programme meetings, if necessary, to ensure good coordination with other Projects.
- **Two National Coordinators (NCs, national, SB5, 100%):** Both the Institutional Resilience and the Economic Resilience component will be headed by a NC (two NCs in total). The NC is the main interface between the CTA/PM and the Field Support Teams (FSTs). S/he makes sure that information is flowing smoothly between Sanaa and field locations and that the project AWP is put in action timely and correctly at the local level. S/he also analyses information and feedback coming from FSTs and proposes amendments to AWP if necessary. S/he mobilized the PMST as needed to respond to questions and issues coming back from the field. The NC also maintains close coordination and communication with national institutions at senior level, including with responsible parties.
- **One Operation Manager/Program Management Specialist (P4, international, 100%):** Responsible for administrative, operational and financial quality assurance, advising and verifying procurement and payment processes and human resources processes for the needs of the project. Responsible for monitoring of effective delivery of administrative and financial services to the project and managing external relations related to all operational aspects of the project. S/he will ensure implementation in accordance with UNDP rules and regulations and working closely with Project Specialist in Brussels to ensure compliance with EU contractual requirements.
- **One Project Specialist (P3, international, 50%):** The Project Specialist – based in Brussels - will provide direct support to the CTA/PM and Operational Manager throughout the implementation up to the financial closure of the activities in view of ensuring compliance with EU contractual requirements. The Project Specialist will be responsible for providing advice on the execution of the project according to the applicable EU contractual requirements; suggest revisions of project substantive and financial reports in compliance with the EU contractual requirements; provide assistance with monitoring and evaluation exercises; oversight of the implementation of communication and outreach activities to enhance the visibility of the project vis-à-vis the EU; facilitation of contacts with relevant parties in the EU/EC to foster exchange of information on the implementation of the project.
- **One M&E Specialist (P3, international, 100%):** The M&E Specialist is responsible for preparation, implementation and oversight of the M&E plan of the project, collaborating closely with the M&E/Reporting Officer and the MIS Officer in pro-actively collecting the necessary data from the field offices. S/he works closely with the CTA/PM and NCs to monitor progress on the results and explores innovative approaches to data collections, especially with regards to qualitative indicators such as 'trust', 'collaborative action' and 'quality of governance'.
- **One Communications Officer (CO, national, SB3, 100%):** Responsible for preparation, implementation and oversight of the Communication and Visibility plan of the project and assuring that all activities including the outreach and awareness-raising activities adhere to and are fully aligned with the visibility needs and interests of the EU.
- In the Project Support, two **Thematic Output Specialists (two TOS, national, SB4, 100%)** will assist the CTA/PM and the NCs in developing the technical content of each output considering the country's political context, national policies, international experience and coordination with development partners. There will be one TOS for Institutional Resilience and one TOS for Economic Resilience. They will mobilize project resources and provide support of UNDP Operations (human resources, travel, finances, procurement) to carry out activities in their assigned output and produce results in line with the approved AWP. This will include managing the day-to-day relationship with

the Responsible Party assigned to their Output. They will review project activities as per set quality criteria, monitor issues and risks and update these in the Project's issues and risks logs

- One **M&E / Reporting Officer (national, SB4, 100%)** and one **MIS Specialist (national, SB4, 33%)** will liaise with Field Teams and with the third-party monitoring agent to centralize and digitalize all monitoring data, assess progress in the achievement of outputs and targets and in the use of financial resources and prepare necessary progress reports to be submitted to the Project Board.
- One **Finance Assistant (national, SB3, 100%)** will support the Operation Manager with processing payments, financial administration and management and financial reports.
- Two **Project Assistants (two, national, SB2, 100%)**, for administrative and logistical matters for both Outcomes, and providing secretarial support to the PM/CTA and National Coordinator, as well as one **driver (SB1, 100%)** will complement the Project Support.
- Five **Field Coordinators – FC (national, SB4, 100%)**. The FC will be in charge of coordinating all project activities with the RP teams in the field and with the local authorities supported by the Project. S/he will ensure a close coordination with governorate authorities for the recruitment, training and functioning of the DFTs and supervise their performance in supporting target offices at district level. S/he will also oversee the preparation and signing of the different LoAs signed with local authorities for receiving and appropriating the district block grants communication with national institutions at senior level, including with responsible parties.

**a.2. UNDP Country Office Personnel directly engaged and working for the project** and to be apportioned based on actual support provided by the respective staff in the implementation of the Project activities. This Project personnel time contribution are based on Workload Surveys. The cost per staffing is based on the UNDP proforma costing and dispatched between CO project per year on a prorate basis as directly attributable to the implementation of the Action.

Specific services are as follows:

- **Management services:** Governance & Rule of Law Pillar and the Economic Recovery & Development Pillar in UNDP Yemen Country office will support SIERY project in donor relationship management, technical guidance, portfolio synergies and policy advocacy support towards the central government and the broader development community. Staff involved are, among others, Team Leader and Deputy Team Leader Governance & Rule of Law Portfolio; Program Officer; Program Analyst, and; Financial Assistant.
- **Quality Assurance and Oversight services:** Management Support Unit (MSU) UNDP Country Office will provide project quality assurance and oversight. This will entail provision of technical and expert assistance in the design of thorough monitoring framework for the action; assist in the preparation, regular processing and analytical overview of action related indicators as per action log frame. The unit also plans for HACT Assessment and Financial Spot Checks of the Responsible Parties and follow-up on their implementation. With Gender Specialist onboard, the unit provides guidance and technical inputs to address gender inequalities at all levels. Staff involved are, among others, Team Leader and Deputy Team Leader Management Support Unit; Gender Specialist; Management Support Unit Monitoring and Evaluation Analyst, and; Management Support Unit Finance Assistant.
- **Communication and Visibility:** The Communication Unit will provide technical expertise to increase visibility of EU support and share beneficiaries results to the public internally and externally, in as far not covered by project Communication Officer. Open-House Presentation will be organized when relevant to showcase the transformation changes that this project has contributed to local communities and associated public institutions. Staff involved are, among others, Team Leader Communication.
- **Regional services:** UNDP Sub-Office Aden, Hodeida, Marib and Mukallah will provide regional support to project's implementation through relationship management with local authorities, daily oversight of regional teams, facilitation of local activities and travel, if and when required. With the support of the Heads of the two sub-offices in Aden and Hodeidah, support will be provided also on adaptive management to ensure proper targeting of the intended support to the needy communities and improve access of key and essential services. The Amman Support Office will provide support in donor relationship management, policy advisory and networking support. Staff involved are,

among others, Head of Office Aden; Head of Office Hodeida; Head of Office Amman, and; support staff Sub-offices.

- **Operational services:** UNDP Yemen, through its operational structure, will provide support to project's procurement, financial and administrative processes, Human Resource Management, Travel, Facility & Asset management and IT management. Staff involved are, among others, Procurement Analyst; HR Officer; Travel Assistant; ICT Assistant; Deputy Resident Representative/Operations, and; Operations Manager.

### a.3. Short term expertise

This will include:

- International expert(s) with strong and relevant/practical local governance, institutional strengthening and economic recovery/MSME, especially in conflict and/or unstable environments. These assignments will be aimed at providing practical advice to the CTA/PM and NCs, national stakeholders and national experts, and local partners (i.e. Governate and District authorities). These experts will mainly provide technical advice and assistance at the national level with regards to formal structures, planning mechanisms and implementation modalities (including with regards to innovative models for public-private-civic collaboration on public service delivery); LG capacity development, curriculum development and training program design; local economic recovery and development opportunities for MSME, regulation, revenue collection; etc. Experts will be brought in on an ad-hoc basis, depending on progress and emerging opportunities for local institutional and economic resilience.

- National experts with strong communication and training experience in local governance settings, with an emphasis on the PEM Cycle, collaborative capacities, PPPs, and other key parts of the curriculum. Additional national experts will be recruited short term to advice on legal structures, local adaptation, local entrepreneurship, revenue modalities, etc.

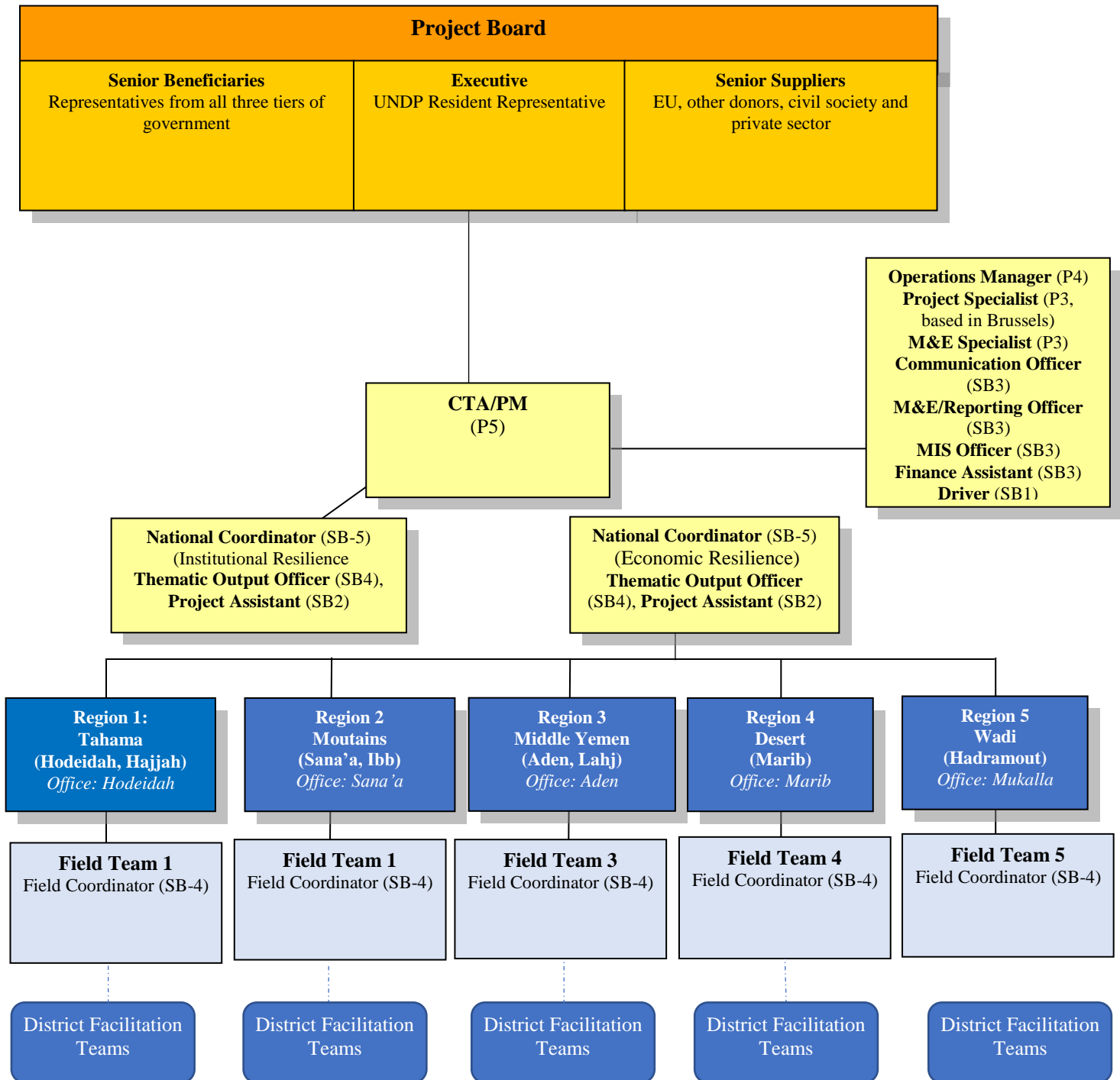
### a.4. Travel costs and per diems for staff.

**b. General expenses:** this includes for instance IT equipment, furniture and stationery for project office locations (six in total). It also includes costs related to phone, internet, electricity and heating.

**c. Travel:** Includes field missions for the project's staff to ensure monitoring across the country for quality assurance and timely implementation of the activities; participation in project board meetings, national and international community of practice, etc. Cost calculation is based on UN corporate daily subsistence allowance circular and cost sharing for convoy road trips costs. International tickets will be purchased in accordance with UNDP travel rules and regulations.

**d. Office costs (office space, accommodation, security):** This cost includes the yearly payments for office space and secured accommodation occupied by Project staff and consultants in UNDP office and sub-offices, as well as secured accommodation for internationally deployed staff and consultants in UNDP accommodation and guest houses in the field – and the share for the security services and installations and use of the UN clinic services and transportation costs to run the armoured convoys for trips to and from work and internal movement. The secured accommodation costs are directly linked to and necessary for implementation of the project activities by the project personnel working in Yemen. Yemen is a conflict country and secured accommodation for the project personnel is crucial to ensure their safety and security as prescribed by the United Nations Safety Security framework. The costs are calculated on a prorata basis and shared by all the projects implemented in the country office as per UNDP methodology.

**e. Other costs,** mainly associated with communication activities, including publications, translation and interpretation; meetings and workshops; capacity building events; visibility actions (including visibility items, media sensitization, printing, audio-visual, website, etc.).



## APPENDIX A: The Local Resilience & Recover Fund (L2RF)

The Local Resilience & Recover Fund (L2RF) will make available to local stakeholders at district and governorate level, funding that is:

- Discretionary: final distribution of the different block grants between specific local projects is done by local actors, not by UNDP or its donors.
- Partly on-budget: The L2RF will fund also projects that are part of the regular district annual plan and budget adopted by district authorities.
- Multi-thematic: The L2RF is organized in 5 windows (see Figure 3) covering different geographical socio-economic recovery needs (including emergency responses to health emergencies, including pandemics such as pandemics).
- Multi-recipient: The L2RF can fund projects implemented by local authorities, communities, CSOs or the private sector – or a coalition of these different actors.
- Multi-purpose: L2RF grants should be used primarily for investment costs (80%) but 20% can also be used for operational costs (except civil service salaries).
- All-of-district: The L2RF can be utilized for projects in any parts of a district – it is not earmarked to specific sub-areas.
- Multi-year: each target district will receive a block grant from the LR2F for 3 years in a row.
- Equalized: block grant amounts to districts will be modulated to take into account their existing own resources so that districts with lesser revenues can receive larger amounts per capita, with the objective of lessening territorial inequalities.

The L2RF is divided into two sub-funds and 5 windows (see Fig. 3):

### a) *District Sub-Fund:*

- District Block Grant (per capita formula)
- ⇒ Community solutions window: rehabilitation, expansion or construction<sup>62</sup> of service delivery infrastructure that benefits several villages / communities, with focus on WASH facilities and rural roads.
- ⇒ District service delivery window: rehabilitation, expansion or construction of service delivery infrastructure that benefit the population of several sub-districts.
  - District authority logistics window (lump sum): to rehabilitate and re-equip offices of district authorities.

### b) *Governorate Sub-Fund*

- Urban resilience window (lump sum): technical support (e.g. urban planning, urban monitoring) and infrastructure projects supporting better control and management of urban expansion, reducing disaster risk for newly-built areas and urban pollution.
- Local economic recovery window (lump sum): technical support, equipment or infrastructure projects (e.g. markets, industrial zones) increasing the capacity of local authorities to foster economic recovery in partnership with the private sector.
- Governorate authority logistics window (lump sum): to rehabilitate and re-equip offices of district authorities.

District block grants will absorb most of the funding available through the L2RF and will be based on a formula that guarantees for each district an allocation aligned with its needs. The basic allocation will be equal to 4 USD/capita<sup>63</sup> onto which various reducing or increasing coefficients will be applied based on: extent of conflict damage, share of IDPs among the total district population, degree of remoteness and existing (i.e. state-funded) investment budget per capita. The final formula will be adopted by the Project Board at its first meeting. The Project Board will also be able to revise the formula annually and, if relevant and useful, may also consider adding a criterion related to the district's performance in appropriating and implementing the previous year's grant. Conversely, all other windows of the L2RF will release funds to

<sup>62</sup> Construction of new infrastructure will only be funded in areas with low conflict intensity and where funds for maintenance and operations are guaranteed from state and non-governmental sources.

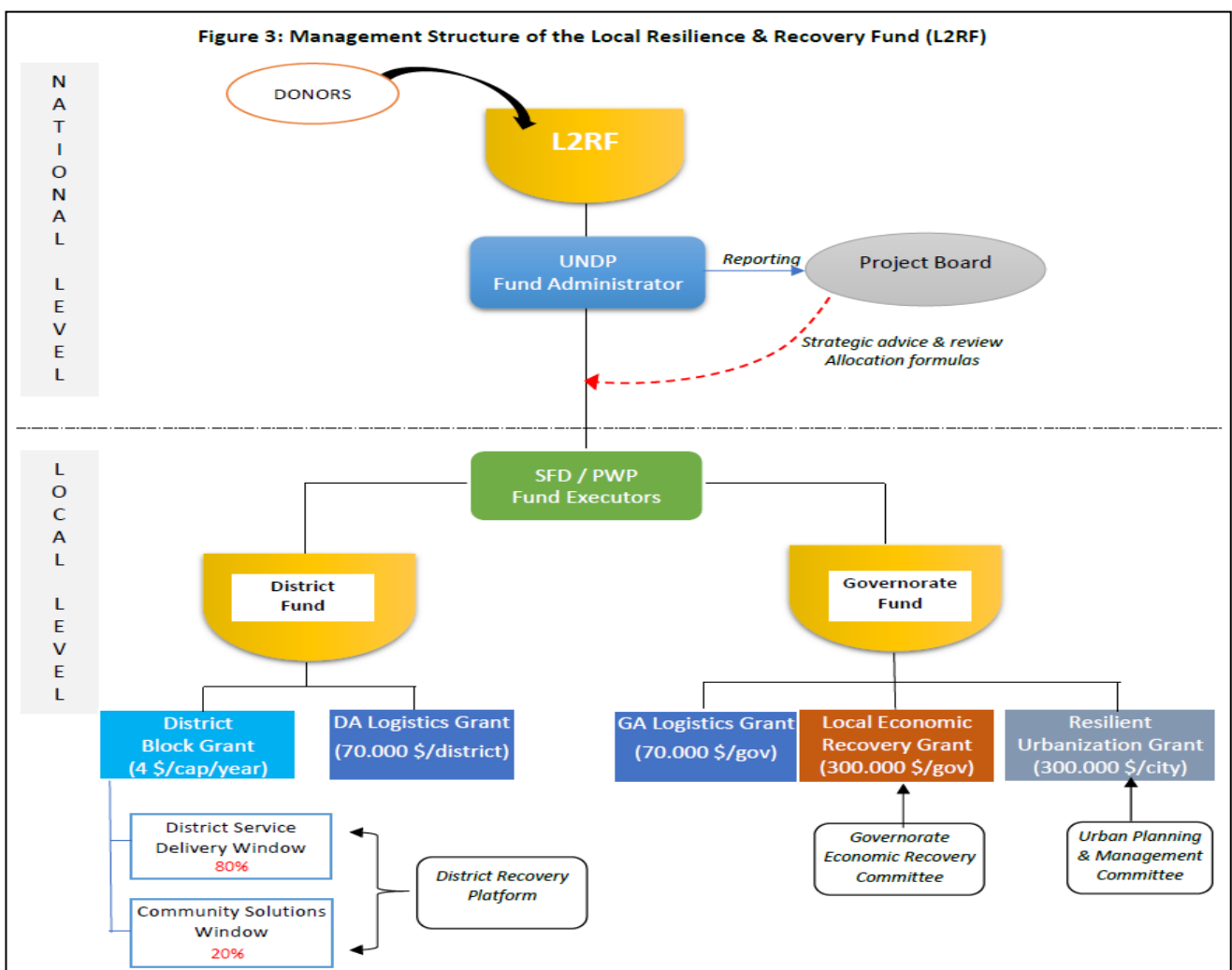
<sup>63</sup> This amount is based on an estimation (according to global standards) that a minimum of 6 USD/capita are needed for the recovery of conflict-affected societies. Considering that in average (based on RLG results), district authorities avail investment budgets of about 2 USD/capita, the L2RF will fund the missing 4 USD.

districts and governorates based on a standard lump sum. Standard Operating Procedures for all steps in the release and execution of grant funds issued through the D2RF will be developed by UNDP.

In the first year of the Project, to avoid delaying disbursements and grant project delivery due to the time needed to put in place the L2RF governance and conduct local planning with the DRPs, a fast-track process will be followed. SIERY will directly fund already prioritized projects (in district annual plans prepared by local authorities and/or prioritized through other existing donor projects (e.g. Sub-District Recovery Plans in SFD’s Tamkeen; GIZ Governorate Plans)). Given the fast-track modality used in this first year, and the need to ensure a strategic utilization of funds, only half the proposed basic amount for the annual district block grant (2 USD/capita instead of 4 USD) will be awarded.

Grants released through the L2RF will be executed by the SFD, PWP or other responsible parties having fulfilled UNDP HACT requirements.

Finally, though this Activity Result, the Project will also support Yemeni authorities at governorate and district levels strengthen up their aid coordination capacities and system in order to attract more donor funding towards priorities identified through the L2RF windows.





---

## IX. LEGAL CONTEXT

### Option a. Where the country has signed the [Standard Basic Assistance Agreement \(SBAA\)](#)

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

This project will be implemented by [name of entity] (“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

### Option b. 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]<sup>64</sup> [UNDP funds received pursuant to the Project Document]<sup>65</sup> 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](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. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse (“SEA”) and sexual harassment (“SH”) allegations in accordance with its regulations, rules, policies and procedures.
6. 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.
7. 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

---

<sup>64</sup> To be used where UNDP is the Implementing Partner

<sup>65</sup> To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

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. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
  - d. 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.
  - e. 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](http://www.undp.org).
  - f. 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.
  - g. 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.

- h. *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.

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.

- i. 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.
- j. 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.
- k. 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. Project Quality Assurance Report**
- 2. Social and Environmental Screening Template** [\[English\]](#)[\[French\]](#)[\[Spanish\]](#), 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).*
- 3. Risk Analysis.** Use the standard [Risk Log template](#). Please refer to the [Deliverable Description of the Risk Log](#) for instructions
- 4. Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)
- 5. Project Board Terms of Reference and TORs of key management positions**