

YEMEN PEACE SUPPORT FACILITY

Annex to the project document on PSF intervention on the Floating, Storage and Offloading (FSO) facility SAFER – Prepared on 15 October 2020 – Revised on 8 December 2020.

Project Title: Peace Support Facility for Yemen

Project Number: Atlas award ID 00118265

Implementing Partner: UNDP Yemen

Start Date: 1 January 2019 **End Date:** 31 December 2022 **PAC Meeting date:** 1 April 2019

*This is a multi-donor project and the implementation period indicated above represents its overall duration.

Context and justification

The floating, storage and offloading facility (FSO) SAFER is carrying 1.1 million barrels of oil and has had no meaningful maintenance since 2015. It is a very old vessel in very poor condition, and as such poses a major risk of environmental and humanitarian catastrophe. The Government of Yemen (GoY) and the de facto Houthi authorities first approached the United Nations to provide support in resolving the SAFER issue in early 2018.

However, the escalation of military hostilities on the Yemeni west coast throughout most of 2018 made safe access to the tanker impossible. With the conclusion of the Stockholm Agreement in December 2018, which included a ceasefire in Hudaydah, safe access became possible again. Finding an acceptable way for both parties to solve the threat posed by the SAFER can be considered an important confidence-building initiative.

In August 2019, both Yemeni parties approved the deployment of a UN technical team to conduct the FSO condition assessment and light maintenance. The Houthi de-facto authorities granted the UN the necessary permits to access the tanker, but they cancelled the mission the evening before the team of experts was going to sail to the vessel from Djibouti.

On 27 May 2020, seawater leaked into the engine room, threatening to destabilize and sink the entire vessel. This could potentially have released all the oil into the sea. Divers from the SAFER Corporation were able to contain the leak, but this was a temporary fix unlikely to hold for not very long.

Since then, the UN has repeatedly attempted to obtain authorizations from the de facto authorities to deploy a team of technical experts contracted by UNOPS to assess the tanker's condition, perform initial light maintenance and make recommendations on how to neutralise the threat safely.

On 15 July, the Security Council held an ad-hoc meeting on the SAFER with briefings by UNEP and OCHA. The Security Council reiterated its support for the UN-led effort and called on the de-facto authorities to quickly provide clearance for the UN mission.

In late July visas were granted to the UNOPS technical team but the authorities made it clear that access to the tanker will be granted provide that a revised Scope of Works (SoW) encompassing their request for more repairs is agreed upon.

The finalized SoW and preliminary action plan have been submitted to the de-facto authorities on 27 September 2020.

Rationale of using the PSF

The Facility aims to build public support for the peace process by achieving tangible, rapid improvement in the daily lives of people in priority areas identified by the UN Special Envoy. The intention is to demonstrate concrete alternatives to conflict, create local demand for peace and incentivize parties to deepen their engagement in the Special Envoy's peace process.

The Facility is designed to achieve the following output:

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

Under this output the following components will be implemented:

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

The intervention on the SAFER tanker fits the window 1 of the PSF considering the confidence-building nature of the operations and the in-built flexibility of the PSF that can serve as a risk- and burden-sharing instrument for the international community. It can also be used as a vehicle to catalyse further collective political and financial support.

As such, some donors have expressed -during the PSF Steering Committee in September 2020- their interest in using the PSF to fill the current funding gap for Phase 1 of the SAFER operations.

Results and partnership

The PSF will support the SAFER initial mission, the objectives of which are to conduct technical assessment of the condition of the tanker, to undertake urgent light maintenance and repairs, and formulate recommendations to neutralise the threat.

The exact Scope of Works (SoW) of this mission are attached to this document. It is to be noted that recently, the SoW were expanded to include additional light repairs which have been assessed both urgent and necessary by UNOPS-contracted experts and local experts.

The intervention on the SAFER will be implemented in close coordination between:

- The Office of the UN Special Envoy of the Secretary-General to Yemen that is leading the political negotiations and has been facilitating since July the technical exchanges between the de-facto authorities and the UNOPS-contracted team of experts to secure an agreement on the SoW;
- UNOPS is the implementing agent for the assessment mission. It is responsible for the recruitment and deployment of the team of experts to conduct the intervention, for the procurement of the required material and equipment, and for monitoring the work of the experts until its conclusion;
- OCHA, alongside OSESGY and the Office of the Resident Coordinator, has supported the UN-led effort to call on the de-facto authorities to quickly clear the UN mission, as well as support UNOPS's effort to mobilize the international community to fund the intervention;
- And the PSF will serve as the instrument to coordinate the resource mobilization and proactively put in place agreements both with donors and UNOPS to promptly channel funds avoiding lengthy bureaucracy.

Mission funding and planning

The total cost of the revised scope of work is approximately \$12 million fully funded from the KSA and UAE (provided as part of the 2018 block-grant to the United Nations in Yemen) and UK (provided in June 2020).

The Governments of Germany (Through PSF) and the Netherlands (to UNOPS) contributed 4 million to cover the funding gap through contribution agreements signed with the two UN agencies.

Further to the approval of the mission by the de-facto authorities late November 2020, in the context of the upcoming declaration of Ansar Allah "Foreign Terrorist Organization – FTO" by the United States of America, AA requested changes of equipment delivery route that has induced an additional cost increase of USD 3 million. To avoid further unforeseen cost increase that could affect delivery timeline, UNOPS has made a provision for contingency for 6 additional days of mission to avoid halting activities to seek additional funding. Norway (MoFA) and Sweden SIDA have contributed in December 2020 respectively NoK 12 million (USD 1,3 million) and SeK 22.8 million (USD 2.6). The UNOPS has engaged in procurement processes to purchase/rent the required equipment and material. The mission is scheduled to start in February 2021 while UNDP is focused on the amendment of its cost sharing agreements with the respective donors, the interagency agreement with UNOPS and on making necessary arrangements to transfer necessary funds to UNOPS based on actual needs, as outlined by the interagency agreement schedule of payments.

Auke Lootsma

Signature: -----



08-Dec-2020

Date:-----

Auke Lootsma
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Attachments:

- *Revised PSF Prodoc*