

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
ADDITIONAL FINANCING**

Report No.: PIDISDSA20070

Date Prepared/Updated: 03-Dec-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Yemen, Republic of	Project ID:	P161806
		Parent Project ID (if any):	P159053
Project Name:	Emergency Crisis Response Project Additional Financing (P161806)		
Parent Project Name:	Yemen Emergency Crisis Response Project (P159053)		
Region:	MIDDLE EAST AND NORTH AFRICA		
Estimated Appraisal Date:	24-Oct-2016	Estimated Board Date:	17-Jan-2017
Practice Area (Lead):	Social Protection & Labor	Lending Instrument:	Investment Project Financing
Borrower(s):	UNDP		
Implementing Agency:	UNDP		
Financing (in USD Million)			
Financing Source			Amount
IDA Grant			250.00
Total Project Cost			250.00
Environmental Category:	B - Partial Assessment		
Appraisal Review Decision (from Decision Note):	The review did authorize the team to appraise and negotiate		
Other Decision:	The team was authorized to proceed with technical discussions of the negotiations package. Technical Discussions will be converted to negotiations, subject to the World Bank management's confirmation of the amount of the IDA grant for the Project.		
Is this a Repeater project?	No		

B. Introduction and Context

Country Context

The ongoing conflict in the Republic of Yemen coupled with insecurity, political instability, blockages to food and fuel deliveries, and economic collapse has led to a severe economic distress and development crisis which has exacerbated the Republic of Yemen's already fragile situation as one of the poorest countries in the Middle East. In 2015, the economy contracted by about 28 percent. Oil production and exports, the mainstay of the pre-conflict Yemeni economy, came to a halt. Inflation is assessed to have reached about 40 percent in 2015. The fiscal expenditure program had to shrink by about a third in 2015, reducing the state's share in the economy to around 20 percent, essentially being able to finance only salaries of public employees but having no resources for maintaining public services such as health, education and social protection. The situation in 2016 has worsened, with salary payments outstanding to a vast majority of public employees since August 2016, in addition to 1.5 million households of the national cash transfer program who have not received any support since January 2015. Initial simulations of the impact of the conflict show that the poverty incidence may have almost doubled nationally from 34.1 percent in 2014 to 62 percent in 2016. The crisis has deepened since the collapse of peace negotiations in August 2016.

Severe impairment of public services. It is estimated that approximately 19.4 million Yemenis lack access to clean drinking water and sanitation, and 14.1 million cannot access adequate health care. Children and adults are facing significant psychological stress; severe food insecurity affects 7.6 million people, and an estimated 2 million are malnourished, including 1.3 million children, of whom 320,000 are suffering from acute malnutrition; an estimated 1.8 million children are out of school because of fighting and insecurity. This situation poses serious risk to the future of human development in Yemen. The number of IDPs has risen to over 3 million, with the majority of displaced people hosted by local communities. According to latest estimates, about 991,200 IDP returnees who returned to their place of habitual residence across Yemen, representing a 24% increase compared to April 2016, yet still face serious shortages of services and jobs. The prospects for women-headed households, which represent 52 percent of the displaced community, are particularly challenging.

Employment opportunities in both formal and informal sectors have also been impacted significantly, leaving millions with limited income opportunities. This leaves a vast majority of the population suffering from loss of employment and therefore, income, limiting severely the basket and quantity of food available to them. Agricultural production, employing more than half of the population, has also drastically declined due to insecurity, high costs, and sporadic availability of agricultural inputs. The fishery sector has also been heavily impacted with a near 50 per cent reduction in the number of fishermen due to the impact of the crisis. Yemen's small yet vibrant microfinance industry, recognized by the World Bank as one of the most advanced in the MENA region, played a vital role in generating livelihoods for the poor that previously had no access to financial services. The pre-conflict steady growth of the industry was turned into a decline by the current crisis. The number of active borrowers decreased from 125 thousand in 2014 to 90 thousand in 2015, and the outstanding loan portfolio decreased from US \$48.7 million to US\$29.5 million in 2015. Households, communities, public institutions and small and micro businesses need support to cope and build resilience toward peace and recovery.

Sectoral and institutional Context

Prior to the conflict, Yemen instituted an array of social policies and programs providing a

diverse set of social protection benefits to the population. These include Community-Driven Development (CDD) programs implemented by the Social Fund for Development (SFD); social safety net programs through a Labor Intensive Works Program (LIWP) under SFD, a targeted cash transfer program under the Social Welfare Fund (SWF), and a labor intensive Public Works Project (PWP). These national programs were established in the mid-1990s and their capacity was developed through two decades with intensive investments from the donor community and the Government of Yemen. Prior to the armed conflict in early 2015, SFD was successfully implementing its Phase IV program with around US\$1.12 billion funding that was committed by over 14 donors including the World Bank, with a planned 20 percent Government contribution. PWP was implementing its Phase IV program with US\$283 million funds committed from 5 donors with 4 percent Government contribution. SWF is a fully Government-funded program that has expanded its coverage over the years reaching a current coverage of 1.5 million beneficiary households.

The Bank and other regional, bilateral and international development agencies have funded and supported SFD and PWP since their inception in 1996. Prior to the conflict, SFD has disbursed close to US\$1.67 (accumulative) billion in projects in over 13,000 villages and 3,700 urban neighborhoods across the poorest districts of Yemen's 21 governorates. Between 1996 and 2015, the PWP implemented 5149 projects in about 11,200 villages and 1,300 urban neighborhoods, totaling an estimated US\$648 million. Both programs have played a significant role in improving access of poor communities to education, water, sanitation, roads, and irrigation, among other activities. Additionally, SFD has been implementing cash for work, rain-fed agriculture, small and micro-enterprise development activities through microfinance, small enterprise lending and technical assistance, and capacity building for local government and civil society organizations. These projects have over the years improved the quality of life for millions of Yemenis and created employment for many of the Yemen's poorest. However, The conflict and the security situation in the country have negatively impacted the funding and therefore scalability of these critical programs at a time when their benefits and services are needed most, especially by the poor and vulnerable, and to mitigate the negative impact of the conflict, the effects of which could be long-term

In August 2016, the World Bank approved an IDA-funded Emergency Crisis Response Project (ECRP) parent project of this Additional Financing with the amount of US\$50 million to provide critical assistance to Yemen. The project is being implemented in partnership with UNDP and through Yemen's key service delivery programs, SFD and PWP. The US\$50 million IDA-funded ECRP is demonstrating good progress in its early months of implementation, and more critically, is providing an implementation and financing framework that seem to be adequate for delivering critically needed assistance during conflict, through engaging and preserving critical national service delivery programs (SFD and PWP) and restoring the community-based network that has been established and supported by these programs over the last two decades.

The design and delivery model of the proposed AF, as in the parent project, build on IDA's long engagement and experience in the social protection sector in Yemen, and two decades of IDA's support to the Social Fund for Development (SFD) and Public Works Project (PWP), two of the main social protection and service delivery programs in Yemen. It also benefits from the partnership with UNDP, and leverages UNDP's management, administrative and coordination capacity and presence of the ground, as well as the well-established local capacity implementation capacity of SFD and PWP.

C. Proposed Development Objective(s)

Original Project Development Objective(s) - Parent

The Project Development Objective is to provide short-term employment and access to selected basic services to the most vulnerable; and preserve existing implementation capacity of two service delivery programs.

Key Results

The achievement of the PDO will be measured by the following key indicators:

- (a) The number of direct beneficiaries of wage employment (disaggregated by gender, youth, and IDPs) to measure coverage of income support
- (b) The number of people provided with access to key services (disaggregated by gender) to measure potential coverage of community and social services
- (c) Number of people benefited from the nutrition services (disaggregated by women and children) to measure coverage of the nutrition services
- (d) The percentage of core staff positions of the SFD and PWP retained to measure preservation of the capacity of these critical national programs

D. Project Description

The parent project is implementing small, fast-disbursing interventions that serve as a rapid response, providing households (HHs) and communities affected by the conflict with income opportunities (as wages) and protect their human capital and livelihood assets. The project is also delivering benefits to the wider community by creating community assets, small infrastructure, and improved access to basic service delivery, as well as restoring livelihoods. The project adopts a community-based approach, which brings communities together around common development initiatives and hence promotes social cohesion and the protection of human capital. The project gives special attention to youth and, as an important peace dividend, provides them with income and participation opportunities, and includes design features that ensure women's access to project opportunities. Finally, the project finances the operating cost of the SFD and PWP to ensure continuation of their core staff and operational capacity.

The proposed AF will significantly expand the scope and impact of the parent project and will introduce an expanded menu of sector activities within each of the original components. This will allow expansion to more districts and communities, enhanced response to high demand for participation within communities (e.g. by increasing the subproject envelope in each community), diversifying interventions to include different vulnerable groups (e.g. unskilled workers, educated youth, women, etc.). The proposed AF will expand on the provision of alternative schooling for children in communities where education is not provided regularly, as a means to provide children with normalization and help them avoid slipping in their education attainment; selection of subprojects for the CFW and community infrastructure will prioritize activities associated with livelihood, food production, farming, and clean water, all would contribute to enhanced food intake and nutrition. Support to agriculture-based SMEs will be expanded to include fishermen and livestock producers to contribute to food production.

In view of an alarming rates and severity of malnutrition, the proposed AF will support significant scale up of the demand-side of nutrition interventions. The malnutrition challenge presents a high risk of irreversible damage to the health and cognitive capabilities of millions of children and

therefore, their prospects for a future out of poverty. The activities under the AF will complement those of the proposed emergency health and nutrition project (EHNP). The proposed EHNP will support an integrated package of supply-side of nutrition interventions (provision of vitamins and minerals, micronutrients, therapeutic treatment and medicine, awareness and promoting behavioral change, specialized health staff, etc). These will be delivered through a coordinated facility-based, outreach and community-based service delivery models. While the supply of these services will be provided, accessing them is a challenge for the poorest and most vulnerable households living in remote areas, because of an outreach challenge and/or an opportunity cost challenge. The proposed AF will complement the EHNP project by reaching out and identifying the hard-to-reach affected women and children, provide the poorest families with cash assistance (mothers are the recipients); assign community health promoters (beneficiaries of youth employment) for case management, including facilitating the affected families' access to nutrition services; and perform nutrition and health education sessions to promote behavioral change. The targeting and implementation of these activities will be closely coordinated with the proposed emergency EHNP project.

Component Name

Labor Intensive Works and Improving Community Services

Comments (optional)

The overall objectives of the component are to (a) provide income support to targeted communities through temporary employment opportunities, (b) increase the productive assets and means of livelihood of beneficiary households and communities and improve access to community and social services, and (c) preserve the implementation capacity of the SFD and PWP, as key national service delivery programs. The component will be implemented through three subcomponents that engage the SFD in subcomponents 1.1 and 1.3, and PWP in subcomponent 1.2, which build on existing and well established programs implemented by these entities.

Component Name

Project Management and Monitoring

Comments (optional)

This component will support project management and monitoring and evaluation (M&E) to ensure that the project is successfully and efficiently implemented in conformity with the Project Paper and the Disbursement Agreement. The component will finance: (a) the UNDP's general management support (indirect) costs; (b) direct project management and supervision costs required to support implementation of the project; (c) costs of a third-party monitoring (TPM) agency; and (d) project evaluation.

E. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

National

F. Environmental and Social Safeguards Specialists

Ibrahim Ismail Mohammed Basalamah (GSU05)

II. Implementation

Institutional and Implementation Arrangements

The proposed Additional Financing would follow the same implementation arrangements as those of the parent project. It will be therefore be implemented by the UNDP, under the Fiduciary Principles Accord (FPA). UNDP will thus be fully responsible for implementation, and procurement, financial management, safeguards, and disbursement procedures of the UNDP will apply. The UNDP representation in the Republic of Yemen will be responsible for implementation of the project. The project will be implemented partially through direct implementation and through subcontracts with local implementation partners, in accordance with the project component descriptions using the UNDP standard Subproject Agreements.

The SFD and PWP have been selected at the country level as recipients of subcontracts from the UNDP for implementation support of Component 1 in order to achieve the objective of preserving the implementation capacity of existing service delivery structures in the Republic of Yemen. UNDP will therefore, engage SFD and PWP as its local implementation partners, given their effective track record in implementation of similar interventions, their geographical outreach capacity, and the need to serve the objective of preserving and restoring the capacity of these important national institutions.

III. Safeguard Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	This policy is not triggered.
Natural Habitats OP/BP 4.04	No	This policy is not triggered.
Forests OP/BP 4.36	No	This policy is not triggered.
Pest Management OP 4.09	No	This policy is not triggered.
Physical Cultural Resources OP/BP 4.11	No	This policy is not triggered.
Indigenous Peoples OP/BP 4.10	No	This policy is not triggered.
Involuntary Resettlement OP/ BP 4.12	No	This policy is not triggered.
Safety of Dams OP/BP 4.37	No	This policy is not triggered.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered.
Projects in Disputed Areas OP/ BP 7.60	No	This policy is not triggered.

IV. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> <p>Given the application of the FPA for this operation, UNDP's policies, procedures, and practices as per UNDP's 2014 Social and Environmental Standards apply. Potential minor environmental impacts may include insufficient safety standards used in construction/</p>
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rehabilitation of small-scale infrastructure; dust and noise during construction/ rehabilitation; and/ or insufficient removal of construction waste after project completion. Potential minor social impacts may include some land acquisition for construction/ rehabilitation of community infrastructure, or impacts on businesses or other forms of livelihoods. These are mitigated, however, by the 20-years of experience of SFD and PWP in managing project impacts successfully, and UNDP field monitoring including through a Third Party Monitoring (TPM) arrangement. Experience of UNDP with the early implementation of the parent project shows that the SFD and PWP adhere to these standards. The TPM assessment will include review of compliance with UNDP's 2014 Social and Environmental Standards. TPM firm was contracted recently and is preparing to launch field work in Q1 of CY2017.
2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
N/A
3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
N/A
4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
N/A
5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.
N/A

B. Disclosure Requirements

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/ Audit/or EMP.
If in-country disclosure of any of the above documents is not expected, please explain why:
N/A

C. Compliance Monitoring Indicators at the Corporate Level

The World Bank Policy on Disclosure of Information			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes []	No []	NA [X]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes []	No []	NA [X]
All Safeguard Policies			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes []	No []	NA [X]
Have costs related to safeguard policy measures been included in the project cost?	Yes []	No []	NA [X]
Does the Monitoring and Evaluation system of the project	Yes []	No []	NA [X]

include the monitoring of safeguard impacts and measures related to safeguard policies?	
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>]

V. Contact point

World Bank

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VI. For more information contact:

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VII. Approval

Task Team Leader(s):	Name: Afrah Alawi Al-Ahmadi,Sabine W. Beddies	
<i>Approved By</i>		
Safeguards Advisor:	Name: Nina Chee (SA)	Date: 05-Dec-2016
Practice Manager/ Manager:	Name: Hana Brixi (PMGR)	Date: 06-Dec-2016
Country Director:	Name: Asad Alam (CD)	Date: 24-Dec-2016