

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC4905

<b>Project Name</b>	Yemen Smallholder Agricultural Productivity Enhancement Project (SAPEP) (P148747)
<b>Region</b>	MIDDLE EAST AND NORTH AFRICA
<b>Country</b>	Yemen, Republic of
<b>Sector(s)</b>	Crops (30%), Animal production (30%), Agricultural extension and research (20%), Irrigation and drainage (20%)
<b>Theme(s)</b>	Rural services and infrastructure (80%), Rural non-farm income generation (20%)
<b>Lending Instrument</b>	Investment Project Financing
<b>Project ID</b>	P148747
<b>Borrower(s)</b>	Republic of Yemen, Ministry of Planning and International Cooperation
<b>Implementing Agency</b>	Ministry of Agriculture and Irrigation (MAI)
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/ Updated</b>	26-Mar-2014
<b>Date PID Approved/ Disclosed</b>	20-Feb-2015
<b>Estimated Date of Appraisal Completion</b>	14-Aug-2015
<b>Estimated Date of Board Approval</b>	19-Oct-2015
<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

## I. Introduction and Context

### Country Context

1. The Republic of Yemen, with a population of 24 million, is one of the poorest countries in the world. About 68 percent of the population of Yemen lives in rural areas where poverty is concentrated. The country ranks 160 out of 186 countries in the 2012 Human Development Index. Yemen is also among the ten countries in the world with the highest rates of food insecurity, and the country has the third highest level of malnutrition in the world. Yemen is also facing rapid population growth, lack of clear alternatives to the oil economy, limited institutional capacity and outreach of the government services, limited and rapidly depleting water reserves, poor infrastructure, significant rural-to-urban migration, and acute gender inequality.

2. Yemen is undergoing a socio-political transition that continues to exert significant effects

on its development trajectory. The recent security, political, and economic crisis left adverse impacts on development. Yemen experienced far-reaching unrest in 2011. During this period of crisis, the economy contracted by 10.5 percent and the number of people living below the poverty line is estimated to have increased from about 42 percent to 50 percent of the Yemeni population. Furthermore, despite some progress, Yemen is unlikely to meet the MDGs particularly the human development indicators such as infant and maternal health. In addition, unemployment in Yemen is widespread, especially among the youth. Moreover, Yemeni women lack access to political, economic and social opportunities.

3. Besides the extractive oil industry, Yemen is particularly reliant on its natural resources and agricultural base. Agriculture employs more than half of the labor force, and economic dependence on agriculture is growing because of reduced growth in the industrial, manufacturing and service sectors since 2000. Yemen is one of the most water-scarce countries in the world, with only about 120 cubic meters (m<sup>3</sup>) of renewable internal freshwater resources available per capita - just 2 percent of the global average. Yemen's diverse agro-ecological zones include highlands, plateaus, deserts, and seacoasts.

4. Yemen is highly dependent on food imports. This constitutes 80% of cereals consumption (2012). The global food crisis of 2007-2008 led to sharp increases in the cost of food and causing stress on the balance of payments. With the average Yemeni only 300 calories above hunger, domestic price rises pushed many more Yemenis into food insecurity. In 2000, Yemen used 10% of its export earnings to import food; by 2012 it was using 35%, representing a significant deterioration in its macro-level food security.

### **Sectoral and Institutional Context**

5. Agriculture is a key sector in the Yemeni economy, and provides a main source of employment for 54% of the population. Agriculture produced 17.5% of Yemen's GDP in 2010, according to the Central Statistics Office. Agriculture also plays an important role in food security, in improving the trade balance, and in efforts towards integrated rural development. In addition, the agriculture sector helps to stabilize the population by reducing internal migration and its related social and economic problems. The agriculture sector is also key factor in natural resource management, and may consume up to 90% of available water in Yemen .

6. The Yemeni agricultural sector faces several challenges. Among them is low productivity, resource constraints, inadequate marketing systems, low human resources capacity, lack of infrastructure facilities, lack of production technologies, insufficient availability of inputs, and particularly small and fragmented lands are all serious constraints that prevent the agriculture sector from making a larger contribution to rural incomes, national GDP, and addressing the trade imbalance in food items. The role of government in the agriculture sector has also been declining due to lack of resources over time, and many common functions of a Ministry of Agriculture are absent. External factors such as climate change, social conflicts, and lack of security are also having a significant impact on the agriculture sector.

7. Low agricultural productivity can also be attributed to the lack of access to high yielding seed varieties, scarce access to inputs and output markets, post-harvest losses and inefficient top-down agricultural research and extension services. For example, cereal production represents 60% of arable land and one third of the total value of agricultural production; it has declined by 33%, as a result of declining productivity area under cereal production.

8. Women in rural Yemen contribute to incomes of small farms through livestock activities. Livestock care and development is generally the task of women and children. Women provide 60% of the labor in crop cultivation and more than 90% in tending livestock. Although women are heavily involved in the agricultural economy, they exercise few rights over land. Therefore, ensuring that women have access to resources needed to undertake livestock activities is vital, as significant reduction in rural poverty is only possible if rural incomes increase commensurately, and the burden of poverty does not fall disproportionately on particular regions and groups, for example, women.

9. To tackle the challenges of the Yemeni agriculture sector, the government developed the National Agriculture Sector Strategy (NASS) for 2012-2016. The objective of the strategy is to increase growth, sustainability, and equity by raising agricultural output, and to increase rural incomes, particularly for the poor. Four specific goals are outlined: 1) increase domestic food production through improving input supply, increased farmer awareness, and greater availability of agricultural credit; 2) fight rural poverty through increasing income of farmers and continued promotion of rural development; 3) preservation of the environment and natural resources, and activating the role of community participation to ensure sustainability; and 4) improving market efficiency, lessening post-harvest losses and developing the capacity to export. In achieving these objectives, four strategic elements are spelled out: 1) increasing crop and livestock productivity given the scarcity of key resources such as land water; 2) promoting more efficient use of water in irrigated agriculture through the adoption of modern irrigation techniques, and increasing efforts to expand rainfed agriculture; 3) increasing the role of rural women in meeting food needs and protecting the environment; and 4) watershed management, terraces rehabilitation and wadi banks protection.

10. In tandem with an update of the NASS in 2013, the Government of Yemen submitted the proposal for the Smallholder Agricultural Productivity Enhancement Project (SAPEP) to the GAFSP Secretariat in June 2013 in response to the Third Call for GAFSP Proposals. This proposal was in line with the 2013 updated NASS that reflected the strong focus on participatory approaches in design, implementation, and monitoring; strong linkages to poverty reduction, nutrition, and food security enhancement; linkages to climate adaptation; enhanced readiness for implementation; and a comprehensive risk analysis. The proposal is also in line with other national strategies including the National Food Security Strategy (NFSS), and the National Water Sector Strategy and Investment Program (NWSSIP).

11. The Yemen SAPEP proposal was approved for funding by the GAFSP Steering Committee on September 6, 2013. As requested by the Government of Yemen, the World Bank is the designated Supervising Entity for the proposed project and the project will be prepared according to Bank processing guidelines. Comments provided by the GAFSP Secretariat for due consideration during the detailed project preparation process and that will be important for rapid approval by the Steering Committee of the final proposal include: (i) The program implementation plan and budget lack details, particularly on anticipated productivity gains (less so on water management) and these will need to be developed further in proposal preparation; (ii) Absorptive and delivery capacity will require attention, particularly in Yemen's transitional environment; (iii) More attention to be given to social risks, such as women's access to assets and addressing children's needs; and (iv) a key part of GAFSP is to facilitate country-led investment plans that are inclusive of the participation of all

the relevant stakeholders, such as producer groups, other civil society organizations, and the private sector. There is also particular interest with respect to anticipated impacts on smallholders.

#### **Relationship to CAS**

12. The proposed project is fully consistent with the FY13-14 Interim Strategy Note (ISN), October 2012). The ISN identifies food insecurity as one of the main threats to economic development and recognizes the severe challenges posed by water scarcity and land degradation. This activity is particularly relevant for the ISN Program's strategic pillar I – Achieving Quick Wins and Protecting the Poor.

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s) (From PCN)**

The proposed development objective is to increase the adoption and use of productivity-enhancing crop and livestock practices by smallholders in targeted project areas.

### **Key Results (From PCN)**

The following project is expected to result in the following outcomes:

- i. Increase in number of direct and indirect beneficiaries (of which percent female) receiving services through agricultural offices;
- ii. Expanded area under which productivity-enhancing land and water management practices have been adopted and used;
- iii. Increase in percentage of smallholders adopting improved measures to improve livestock productivity;
- iv. Higher crop and livestock productivity;
- v. Community based organizations actively participating in national/regional level technical and policy bodies or project implementation related to food security or agriculture programs.

## **III. Preliminary Description**

### **Concept Description**

The proposed project, which will be implemented with a GAFSP grant financing of US\$36 million over five years (2014-2019), will consist of three inter-related components.

Component 1: Community Sub-Projects and Investment Program (US\$30 million): The objective of this component is to support community sub-projects and investments that will protect land and water assets, thus raising productivity, and adding value in both crop and livestock production. The sub-projects and investments, which will be selected and implemented through a participatory process with target communities, will be carried out in the following areas:

- (a) Community land and water management: Community investments to be financed include small-scale infrastructure for soil and water management such as terraces, the construction of water-harvesting structures, and small-scale spate irrigation sub-projects. These activities will build on the successful water harvesting and small-scale spate improvement undertaken by MAI over the last fifteen years.
- (b) Livestock production: Support under this activity would include promoting animal health by expanding the availability and reach of community animal health workers, improving livestock feeding through livestock extension and services, and supporting community-based activities such

as bee-keeping.

(c) Community-based research and extension: The project would support community-based extension and research, with the aim of introducing or expanding improved rainfed staple and higher nutrition content and higher value crops. Investments under this activity would support village seed banks, demonstration plots, and production of agricultural inputs such as locally adapted seeds for higher-productivity cereals cultivation, building on the successful model of farmer-based seed improvement and management.

(d) Adding value to agriculture: This will include promoting community cooperatives and associations engaged in business development, horticulture marketing, selling improved livestock products, and other activities that improve the value of agricultural products.

Component 2: Capacity Building and Institutional Strengthening (US\$4 million): The objective of this component is to support capacity building activities (through consultant services, goods, training, and non-consultant services) for communities, local and central government, and key stakeholders involved in service provision.

(a) Community organization, capacity building and participatory planning: The project would provide financing to support community mobilization and organization, community-based planning to prioritize investments, implementation and management. Building on mobilization initiatives that have been successful in a number of areas, the project will support training that will strengthen the overall capacity of producer groups and community-based organizations (cooperatives, community land and water management associations etc.) directly involved and supported in Component 1. In agricultural extension, nutrition themes will be enhanced and demand-side nutrition awareness will be targeted to women and households to complement household gardens and other measures to diversify and improve diets.

(b) Capacity building and institutional strengthening for Government agencies, NGOs, and key stakeholders: Support under this activity will strengthen the capacity of services providers involved in implementing Component 1. It would include financing for consulting services and training that will: (i) strengthen capacity of Government agencies at central, regional and local levels for applied research, demonstration and training; (ii) develop capacity for community-based extension and farmer field schools; (iii) develop systems and capacity for multiplication and dissemination of improved landrace seeds; and (iv) develop capacity for public, NGO, academia and private services to provide support to community-based groups. At the national level, eligible activities would also build upon past successful livestock initiatives to strengthen national veterinary services (surveillance, diagnostic, vaccinations) and to establish a public-private partnership for veterinary services and inputs.

Component 3: Program Administration, Monitoring and Evaluation (US\$2 million): This component would finance the provision of support to the Agricultural Improvement Program (AIP) of MAI as implementing agency of SAPEP through the provision goods, consultant services, training, non-consultant services, and incremental operating costs associated with the responsibility of coordination, administration and management of project implementation. This would include: (i) support to program management, coordination, and supervision, including fiduciary activities (procurement, financial management), environmental and social assessments, reporting and audits; (ii) strengthening MAI Branch Offices through training, equipment, technical assistance (including

with deployment of male and female community mobilizers); (iii) monitoring and evaluation, including the cost of establishing and operating and M&E system for the project with adequate baseline and project impact assessment studies. Incremental costs to be financed include incremental contractual staff costs, office equipment and operations, operating cost of transport equipment and travel (domestic and international).

#### IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10		x	
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

#### V. Financing (in USD Million)

Total Project Cost:	41.30	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>		<b>Amount</b>	
Borrower		5.30	
Global Agriculture and Food Security Program		36.00	
Total		41.30	

#### VI. Contact point

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