



**The World Bank**

Emergency Social Protection Enhancement and COVID-19 Response Project - Third Additional Financing  
(P181468)

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# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 08-Feb-2024 | Report No: PIDA36856



**BASIC INFORMATION**

**A. Basic Project Data**

Country Yemen, Republic of	Project ID P181468	Project Name Emergency Social Protection Enhancement and COVID-19 Response Project - Third Additional Financing	Parent Project ID (if any) P173582
Parent Project Name Emergency Social Protection Enhancement and COVID-19 Response Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 29-Jan-2024	Estimated Board Date 15-Mar-2024
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF)	Implementing Agency Social Fund for Development, Public Works Project

Proposed Development Objective(s) Parent

The project development objective is to provide cash transfers, temporary employment, and increased access to basic services and economic opportunities to food-insecure populations affected by COVID-19, the conflict and climate-related shocks, as well as to strengthen the capacity of national institutions.

Components

Unconditional Cash Transfers  
Geo-focused Bundles to Reduce Food Insecurity and Malnutrition  
Project Management, Monitoring, Evaluation and Capacity Building of National Institutions  
CERC

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	600.00
<b>Total Financing</b>	150.00
<b>of which IBRD/IDA</b>	150.00
<b>Financing Gap</b>	450.00



**DETAILS**

**World Bank Group Financing**

International Development Association (IDA)	150.00
IDA Grant	150.00

Environmental and Social Risk Classification

High

Other Decision (as needed)

**B. Introduction and Context**

Country Context

The conflict in Yemen, now in its ninth year, continues to make Yemen one of the poorest and most food-insecure countries in the world with extreme levels of multi-dimensional deprivations. Widespread conflict, severe economic decline, food insecurity, frequent flooding, and drought exacerbated by climate change, and the collapse of essential services continue to take a toll on the population, exacerbating an already vulnerable situation. With a collapsed economy and diverging currency, along with surging price increases, fewer people can meet their basic needs, and many are dependent on humanitarian assistance. Funding from the donor community saw a pronounced decline since the beginning of 2022.<sup>1</sup> The aftermath of Russia’s invasion of Ukraine, which has exacerbated global food shortages has impacted many households in Yemen as prices of food and fuel become unaffordable for vulnerable households. The conflict has also pushed basic services towards the brink of collapse, making it more difficult for people to access healthcare, education, clean water, sanitation, or social protection services. As a result, about 21.6 million people need some form of humanitarian assistance in 2023<sup>2</sup>. Of those, 11.1 million are children. The food insecurity crisis will be further exacerbated with the World Food Programme (WFP) decision in December 2023 to pause of food distribution in the north.

Approximately 17.3 million people are estimated to face acute food insecurity due primarily to affordability rather than availability. Malnutrition figures remain among the highest in the world with around 1.3 million pregnant or breastfeeding women, and 2.2 million children under five, requiring treatment for acute malnutrition.<sup>3</sup> One in two children have no access to safe drinking water. Furthermore, an estimated 4.5 million people are internally displaced. The Yemen Joint Monitoring Report<sup>4</sup> models that 2.5 million people in Yemen are at risk of further deterioration of

<sup>1</sup> By August 2023, the Humanitarian Response Plan has seen only 31.2 percent of the USD 4.34 billion needed in funding, resulting in drastic and concerning cuts to aid, impacting the most vulnerable in Yemen, reliefweb (September 2023) <https://reliefweb.int/report/yemen/joint-statement-yemen-humanitarian-situation-and-funding-gap-enar>

<sup>2</sup> Humanitarian Need Overview: Yemen, OCHA, January 2023.

<sup>3</sup> United Nations Needs Overview, Yemen, OCHA, December 2022

<sup>4</sup> The JMR is produced by a core development team consisting of members from ACAPS, FAO, UNICEF, WFP, WHO, and the World Bank.



food insecurity status to emergency level. Another challenge for Yemen is the influx of migrants from the Horn of Africa.<sup>5</sup> The influx is straining Yemen's already fragile social services and infrastructure. The country's limited resources and capacity are stretched to accommodate the needs of both the local population and incoming migrants. This has led to increased competition for jobs, housing, and public services, which is further exacerbating social tensions. Adding to chronic poverty and acute conflict conditions, natural disasters are testing the coping capacity of Yemen's vulnerable population. The 2023 rainy season which started in mid-March, has severely affected communities across Yemen causing multiple fatalities and injuries and affected thousands of households. Climate-related shocks have become increasingly frequent, and the most destructive event was the devastation caused by Cyclone Tej in October 2023. These deprivations are eroding Yemen's human capital: the future earning potential of children born today in Yemen will be 63 percent lower than what it could have been with complete education and healthcare.

### Sectoral and Institutional Context

**Prior to the conflict, Yemen had a broad array of social protection programs implemented by national institutions.** This included Community-Driven Development (CDD) programs run by the Social Fund for Development (SFD) and the Public Works Project (PWP); poverty-targeted unconditional cash transfers (UCT) under the Social Welfare Fund (SWF); categorically-targeted cash transfers (Disability Fund, and the Fund for Martyrs and the Wounded); community-based services (through SFD and the National Programme for the Development of Productive Families); support to small and micro enterprises (SMEs), microfinance and job creation through the Small and Micro Enterprise Development (SMED) and Small and Micro Enterprise Promotion Services Agency (SMEP)<sup>6</sup>; and pensions for formal workers in the public and private sectors. The World Bank and other donors have been supporting SFD and PWP since their inception in 1996, including throughout the conflict. The Bank also supported SWF's UCT program prior the conflict.

**The conflict has undermined the ability of national institutions to deliver support and increased reliance on humanitarian institutions.** National institutions such as SFD and PWP have historically retained their autonomy and political independence and have remained functional with support from donors. However, government programs, including those of the SWF and the Disability Fund, were affected by the political fragmentation of institutions and discontinued these programs. The public sector, the single largest employer pre-conflict, has not consistently made salary payments to over 1.2 million civil and military employees since mid-2016. Civil and military pension funds have also suffered during the conflict, increasing vulnerability among many families relying on pensions. Earnings from government bonds were inaccessible due to the liquidity crisis, and contributions from public employees also stopped when salary payments stopped<sup>7</sup> preventing the pension funds from financing payments. The social protection institutional landscape in Yemen is currently marked by a combination of international development and humanitarian actors, as well as key national institutions (notably SFD and PWP) that have maintained political neutrality and operational functionality. These efforts have fallen short of the rising needs: 24.1 million people (over 80 percent of the population) are estimated to need humanitarian or social protection support.

<sup>5</sup> 2023 saw over 90,000 migrants arriving in Yemen, UNOCHA, 2023

<sup>6</sup> Both units are affiliates of SFD.

<sup>7</sup> MoPIC 2017, "Social Protection Programs in Yemen."



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

#### Original PDO

The project development objective is to provide cash transfers, temporary employment, and increased access to basic services and economic opportunities to food-insecure populations affected by COVID-19, the conflict and climate-related shocks, as well as to strengthen the capacity of national institutions.

#### Current PDO

The project development objective is to provide cash transfers, temporary employment, and increased access to basic services and economic opportunities to food-insecure populations affected by COVID-19, the conflict, and climate-related shocks, as well as to strengthen the capacity of national institutions.

#### Key Results

The PDO will be monitored through the following PDO level outcome indicators:

- Unconditional cash transfer payment cycles delivered to poor and vulnerable households per calendar year (Number) (*New*)
- Subset of shock affected UCT beneficiary households receive cash benefit top-up for two consecutive payment cycles (Y/N) (*New*)
- Beneficiaries of social safety net programs (disaggregated by number of household members and the number of females) (*No change*)
- Various functions of UCT program implementation transferred to SFD (*Revised*)
- Number of beneficiary households benefitting from the cash for nutrition program (disaggregated by number of SWF households, females and IDPs) (*No change*).
- Number of direct beneficiaries of wage employment (disaggregated by number of females and IDPs) (*No change*).
- Number of people with increased access to basic services (disaggregated by number of females) (*No change*).
- Number of Micro, Small and Medium Enterprises (MSME's) supported by the Project (disaggregated by number of female-led businesses) (*No change*).
- People provided with access to improved sanitation services to reduce water-borne diseases exacerbated by climate change (*No change*).

### **D. Project Description**

The proposed expanded project scope is designed to support activities that Yemen will need to tackle during the ongoing crisis, with a scope of support that accommodates both available and future financing over the immediate- and short-term. The project has been designed and appraised for US\$600 million, including results that correspond to this financing. Initial funding of US\$150 million will be fully allocated to Component 1 which UNICEF implements in partnership with SFD.

The "Framework Approach" introduced through AF3 provides clarity for the World Bank and its partners on critical needs in the sector and allows for longer-range planning. It simplifies the process of moving from available financing (US\$150 million) to the target financing of US\$600 million without requiring changes to the project design, making the processing more efficient. The project components are designed to achieve results within the available financing but can easily absorb additional resources as they become available. This allows for sustaining current activities while also



introducing innovations. This Approach also presents an opportunity to strengthen strategic partnerships with donor partners in Yemen. It allows for the efficient absorption of resources from both IDA and donor partners, with a funding ceiling of up to US\$600 million for activities planned from 2024 to 2026. Around US\$500 million of IDA financing is expected to be available during the three-year period, including the US\$150 million committed through AF3, while it is anticipated that US\$100 million will be mobilized through strengthening strategic partnerships with donors. The Yemen Resilience, Recovery and Reconstruction Trust Fund (Yemen Fund), managed by the World Bank, plays a crucial role in facilitating this financing under the framework.

Paragraph 12 of Section III of the IPF Policy (*Projects in Situations of Urgent Need of Assistance or Capacity Constraints*) is being applied to the preparation of the proposed AF3. The operation also follows Condensed Procedures provided for in paragraph 56 of Section III of the IPF Directive (*Exceptional Arrangements in Situations of Urgent Need of Assistance or Capacity Constraints*). The application of paragraph 12 is in line with the relevant policy and its criteria whereby the borrower (the Republic of Yemen) is deemed by the Bank to be in urgent need of assistance because of conflict; and experience capacity constraints because of fragility or specific vulnerabilities. The special consideration of paragraph 12 of Section III of the said Policy is thus triggered based on the urgent need of assistance caused by the ongoing conflict coupled with insecurity exacerbated by the recent dissolution of truce, political instability, climate related shocks, along with the effects of Russia's invasion of Ukraine, and the more recent conflict in the Middle East, which have all led to a situation of severe economic distress.

**Proposed Changes.** AF3 will introduce the following revisions to the project: (i) Component 1 (UCTs) will introduce a new subcomponent to pilot microwork for youth activities (Subcomponent 1.3 – 'Microwork for Youth Pilot'). The planned activity aims to provide digital upskilling training to low-income Yemeni youth and link them to microwork opportunities. A detailed description of subcomponent 1.3 is provided in Annex 3 of the Project Paper; and (ii) new PDO level indicators are introduced to further refine project monitoring, while new intermediate result indicators will be introduced to measure the impact of subcomponent 1.3 as well as revisions across results indicator targets for all project components to reflect the additional funds; and (iii) once additional financing for Component 2 is available, the project will finance capacity building of local IPs and the informal community structures being established or strengthened under the geo-bundling approach. This will be done with the aim of incrementally enhancing existing community participatory mechanisms under the project (namely, the Tamkeen community governance structures at village and sub-district levels) via a suite of capacity-building and citizen engagement activities aiming to improve local transparency and accountability, social cohesion, and resilience to community and project-based conflict. This activity will be measured through a newly introduced intermediate level indicator.

**Under the proposed AF3, Component 1 will aim to finance two PCs in 2024 (with the initial available financing) to vulnerable households.** It will be implemented by UNICEF, with implementation support from SFD and with the engagement of the SWF. Beneficiaries in the SWF list pre-conflict (1.5 million households, representing around 9.35 million individuals) were identified based on a combination of poverty-targeting – using Proxy Means Test (PMT) – as well as categorical targeting – elderly, female-headed households, orphans and disabled. The list covers households across Yemen's 333 districts, and beneficiaries were verified by UNICEF upon assuming the CT program in 2017, under the IDA-funded Emergency Crisis Response Project (ECRP). The SWF beneficiary list continues to be the baseline beneficiary list. To date, the project has typically been reaching a maximum of around 1.43 million households under each PC – given that some beneficiaries from the pre-conflict list are recorded as deceased, while others have never come forward to claim their benefits.



**Component 2: Geo-Focused support to reduce food insecurity and malnutrition (implemented by UNDP with SFD and PWP as IPs) is envisaged to receive additional funding upon availability of IDA resources in the form of subsequent AFs to the project.** Subcomponents under this component which will continue being financed under the Framework Approach of the expanded project scope include:

*Sub-component 2.1: Cash for Nutrition (SFD):* This sub-component, implemented by SFD, will continue to finance cash support and complementary services for households with mothers and children at risk of malnutrition in selected communities. The CfN activities will target pregnant/lactating women and or children under five and mothers with children with disabilities up to the age of 17 years in governorates to be identified through the geo-bundling targeting process. It will also support other (non-SWF) households in the selected communities where pregnant/lactating women or their children under five are malnourished.

*Sub-component 2.2: Cash for Work (SFD):* This sub-component will continue financing labor-intensive community subprojects using a geo-focused bundle of interventions to increase impact. This sub-component will provide temporary employment opportunities to vulnerable populations from the selected communities to build valuable community assets, focusing on subprojects that contribute directly or indirectly to reducing food insecurity and malnutrition for the: (i) restoration and irrigation of agricultural land; (ii) access to water and sanitation;<sup>8</sup> and (iii) and access to markets (e.g. road rehabilitation). Under geo-bundling, Tamkeen participatory community structures will be adopted where available and will involve coordination with other IPs to ensure a unified and streamlined community mobilization effort. Activities must be labor-intensive (i.e., with wage intensity of at least 50 percent of the total cost) and subprojects are identified and implemented by the selected communities in a participatory and demand driven manner with a gender-sensitive focus.<sup>9</sup>

*Sub-component 2.3: Community Assets (PWP):* This sub-component will continue financing community-identified subprojects that improve small-scale infrastructure and access to services (community assets) and will be implemented by PWP. Given the nature of the types of interventions financed, which are often technically complex and involve more mechanized and skilled labor (e.g., construction of new water harvesting reservoirs, concrete water irrigation channels, weirs, and small dams), this subcomponent will continue to rely predominantly on private contractors for implementation. The interventions are therefore less labor intensive (35 percent) and can employ workers from outside of the community (up to 50 percent). As the project mainstreams geo-focused bundling of Component 2 interventions under AF3, PWP will continue to build upon and extend recent success in utilizing a “community contracting” modality for subproject implementation, entailing enhanced participation by community members, as well as in strengthening the inclusion of vulnerable groups and women across community assets interventions more broadly.

*Sub-component 2.4: Economic opportunities and food market resilience.* This subcomponent will continue to bolster small and medium enterprises (SMEs) that enhance local food security and nutrition in selected geographic areas. It will (a) facilitate the establishment of new SMEs and enhance the resilience of existing SMEs, food cooperatives, and business associations involved in the production, storage, and distribution of food and nutrition-related services; (b) increase partial portfolio guarantees for MFIs, enhancing SMEs' access to finance; and (c) promote financial inclusion and rural enterprise development through savings groups in communities lacking MFI presence, and empower female

<sup>8</sup>Women are the primary beneficiaries of the water harvesting schemes as these reduce time and effort in fetching water, a responsibility that normally falls on women and girls.

<sup>9</sup>Over sixty percent of women contribute to agricultural labor although they face many constraints, including limited access to land, finance, markets, livelihood activities, and information about economic opportunities (FAO, 2018).



entrepreneurs and IDPs through startup grants and technical assistance. SFD and its subsidiaries (SMED, YLG) and SMEPS will continue to implement this subcomponent. The subcomponent will finance grants for entrepreneurs and businesses presenting innovative, feasible ideas addressing market failures and enhancing rural commerce and market linkages, focusing on innovation, job creation, and enhancing product and service quality. This sub-component adopts a market systems development approach tailored to Yemen to reinforce value chains in key sectors. It provides support to SMEs by leveraging and bolstering market-based mechanisms to guarantee long-term sustainability.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

**Environmental and Social (E&S).**

The Environmental Risk Rating is "Substantial" as the AF3 project will support activities that may result in risks and impacts on workers and community health and safety, as well as on the environment, if the project’s activities are not managed adequately. Nonetheless, environmental risks and impacts are expected to be site-specific, reversible, and generally of low magnitude that can be mitigated following appropriate measures. There is a risk for serious injuries or fatal incidents to occur under the project, particularly under the labor-intensive community subprojects of Component 2. These risks could potentially materialize in subsequent AFs when financing for Component 2 becomes available. Furthermore, there is a risk of injuries due to explosion of remnants of war (ERW). Given the nature and scale of the immediate interventions to be supported under the AF3 – namely the UCT program, it is not anticipated that activities supported under the AF3 Project will significantly generate pollution. The implementation of subcomponent 1.3 ‘Microwork for Youth Pilot’ is not expected to result in substantial environmental impacts apart from the procurement and distribution of computer tablets. Improper disposal of tablets, including batteries, could result in e-waste which might pollute the environment. Under the Framework Approach, the production of construction waste will be limited. Furthermore, the project is not expected to increase pesticide usage as it will continue supporting the rehabilitation of existing damaged terraces as well as growing vegetables at households’ gardens.

The project’s social risk rating is high primarily due to the Unconditional Cash Transfer (UTC), Cash for Nutrition (CfN) and Cash for Work (CfW) activities, which present security and safety risks for the workforce, the risk of elite capture, as well as the potential for social conflict or the exclusion of vulnerable and disadvantage individuals, including women, as a result of inadequate/poor targeting of project beneficiaries and restriction of movement of women (including women project workers). These activities may also lead to an increased Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) risk. Potential social risks under Component 1 could be related to community health and safety related to security/conflict risks and exposure to intimidation, harassment, and exploitation, including those related to SEA/SH (especially at payment sites by financial service provider (FSP) payment agents). Exclusion risks especially of poor and vulnerable households (i.e.,





households headed by women, have a higher proportion of elderly, children, persons with disabilities) who are not included in the SWF list, reaching beneficiaries with limited or no physical mobility; improper management of grievances especially those related to payments and potential delays of payments due to security risks. In line with the ongoing project, the type of activities under AF3 will not involve acquisition of land or physical and/or economic displacement. Only community infrastructures developed on public land or on land provided through voluntary land donations will be eligible for project financing. These small land needs are expected to be met with community contributions, which is a common practice locally, accepted and practiced under the ongoing project. Moreover, the project has developed a negative list of activities that will not be supported under the project, including the financing of infrastructures that require significant land needs or lead to physical resettlement. Moreover, there may be social risks related to labor and working conditions, such as OHS, poor working conditions, as well as child or forced labor. Community health and safety risks include the risk of being exposed to SEA/SH, which screening has been rated as High, Substantial particularly in activities that involve cash transfers and the new subcomponent 1.3 (Microwork for Youth) which aims to provide income generating opportunities for youth in UCT beneficiary households, increasing the potential for sexually exploitative and opportunistic behaviors of project workers in exchange for project benefits (digital technology, microwork) which may increase household conflict and distribution of household dynamics (with distribution of digital technology and new opportunities for work). It may also lead to increased crime with the provision of electronic devices. Other risks include dangerous road conditions and transportation to collect cash benefits. The SME subcomponent could also face social risks as above, but these risks are expected to be low given the small size of investments expected. These would be further assessed when the investment activities are identified during implementation. Finally, given that the project will be implemented in a conflict setting, security risks are anticipated, particularly for project staff, especially women, and targeted beneficiaries.

#### Institutional and Implementation Arrangements

**Implementation arrangements will follow those under the ongoing project.** UNICEF will enter into a new subsidiary agreement (agreed to by the World Bank) with SFD for the implementation of various program functions and UNDP will enter into new subsidiary agreements with SFD, PWP and SMEPs. Under Component 1, as the IDA Grant recipient on behalf of the Republic of Yemen, UNICEF will be responsible for carrying out the following functions and activities: (i) management of the TPM, project management information system (MIS), and beneficiary list; (ii) capacity building functions; (iii) quality implementation support services (QISS); (iv) reporting and external communication; (v) management and procurement of financial service provider(s) (FSPs) to implement CTs; and (vi) carrying out all ex-post and reconciliation functions under the project. SFD will be provided access to the MIS modules needed to perform its functions based on data management protocols developed by UNICEF to protect beneficiary data. SFD, in line with the World Bank's strategy to invest in the capacity of local institutions for better sustainability of development programs, will support UNICEF on the other activity functions under the responsibility/supervision of UNICEF and will continue to do so under AF3. These functions include, but are not limited to field facilitation activities, primary activity monitoring, procurement of technical and consulting services, grievance redressal, and management of the Call Center. The project will also continue to provide capacity building to SWF staff.

Component 2 and subcomponent 3.2 will be managed by UNDP's main office in Sana'a under the leadership of the Resident Representative and will be supported by two sub-offices in Aden and Hodeida and a project office in Mukalla, in addition to several hubs in various governorates. The regional hubs are staffed with hub coordinators, Monitoring and Evaluation (M&E) officers, and support staff, and the support is extended to cover all governorates. UNDP's regional hub in Jordan will provide advisory support. National and international field-based staff will support implementation and



monitoring under the leadership of a project manager. UNICEF and UNDP will update the existing Project Operations Manuals (POM) for their respective components to reflect additional financing and activities and the POMs will be amended from time to time during project implementation. Detailed implementation arrangements are covered in the Project Appraisal Paper (PAD) of the parent project (P173582).

**Fiduciary arrangements.** Consistent with the authorizing environment provided for under the Financial Management Framework Agreement (FMFA), the financial management and disbursement procedures of UNICEF and UNDP—as the recipient UN agencies—will apply. UNICEF and UNDP will be responsible for implementing the project for the benefit of Yemen. The project will apply Alternative Procurement Arrangements (APA) utilizing the procurement regulations, rules, policies and procedures of UNICEF and UNDP.

**Communication and outreach.** The AF3 will undertake a gender-sensitive communication and outreach campaign to encourage youth, including women, to participate in the pilot. Communication efforts will target the most disadvantaged groups, including girls and people with disabilities. Effective communication will encourage the active participation of targeted beneficiaries and decrease the risks of social tensions.

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## The World Bank

Emergency Social Protection Enhancement and COVID-19 Response Project - Third Additional Financing  
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### APPROVAL

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