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Report No: PAD2487

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR106.2 MILLION
(US\$150 MILLION EQUIVALENT)

TO THE

UNITED NATIONS OFFICE FOR PROJECT SERVICES

FOR THE BENEFIT OF THE REPUBLIC OF YEMEN

FOR A

YEMEN INTEGRATED URBAN SERVICES EMERGENCY PROJECT

OCTOBER 20, 2017

Social, Urban, Rural and Resilience Global Practice
Middle East And North Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective August 31, 2017)

Currency Unit = Yemeni Rials (YER)

YER 250.15 = US\$1

US\$1 = SDR 0.7075

FISCAL YEAR

January 1 - December 31

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Senior Global Practice Director: Ede Jorge Ijjasz-Vasquez

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(Co-TTLs)

ABBREVIATIONS AND ACRONYMS

CEN	Country Engagement Note
CERC	Contingent Emergency Response Component
CSO	Civil Society Organization
DLA	District Local Authority
DNA	Dynamic Needs Assessment
ECRP	Emergency Crisis Response Project
EHNP	Emergency Health and Nutrition Project
EHS	Environmental, Health, and Safety
ERR	Economic Rate of Return
ESMF	Environmental and Social Management Framework
FCV	Fragility, Conflict, and Violence
FMFA	Financial Management Framework Agreement
GDP	Gross Domestic Product
GIS	Global Information System
GoY	Government of Yemen
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HLP	Housing and Land Property
IDA	International Development Association
IDP	Internally Displaced Person
IUFR	Interim Unaudited Financial Report
LC	Local Corporation
MNA	Middle East and North Africa
MWE	Ministry of Water and Environment
NGO	Non-Governmental Organization
OC	World Bank Oversight Committee
O&M	Operations and Maintenance
OP	Operational Policy
PDO	Project Development Objective
PV	Photovoltaic
PWP	Public Works Project
RMF-IU	Road Maintenance Fund Implementation Unit
RoY	Republic of Yemen
RPF	Resettlement Policy Framework
SAP	Safeguards Action Plan
SDR	Special Drawing Rights
TC	Technical Committee
TOR	Terms of Reference
TPM	Third Party Monitoring

UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
UW-PMU	Urban Water Project Management Unit
WBG	World Bank Group
WHO	World Health Organization
WWTP	Waste Water Treatment Plant



BASIC INFORMATION

Is this a regionally tagged project? No	Country(ies)	Financing Instrument Investment Project Financing
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- Situations of Urgent Need of Assistance or Capacity Constraints
- Financial Intermediaries
- Series of Projects

Approval Date 02-Nov-2017	Closing Date 31-Dec-2020	Environmental Assessment Category B - Partial Assessment
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Bank/IFC Collaboration No	
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Proposed Development Objective(s)

To restore access to critical urban services in selected cities within the Republic of Yemen.

Components

Component Name	Cost (US\$, millions)
Services Rehabilitation	130.00
Implementation Support and Capacity Development	20.00
Contingent Emergency Response Component	0.00

Organizations

Borrower : United Nations Office for Project Services (UNOPS)

Implementing Agency : United Nations Office for Project Services (UNOPS)



Safeguards Deferral

Will the review of safeguards be deferred?

Yes No

PROJECT FINANCING DATA (US\$, Millions)

<input type="checkbox"/> Counterpart Funding	<input type="checkbox"/> IBRD	<input type="checkbox"/> IDA Credit	<input checked="" type="checkbox"/> IDA Grant	<input type="checkbox"/> Trust Funds	<input type="checkbox"/> Parallel Financing
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Total Project Cost: 150.00	Total Financing: 150.00	Financing Gap: 0.00
	Of Which Bank Financing (IBRD/IDA): 150.00	

Financing (in US\$, millions)

Financing Source	Amount
IDA-D2450	150.00
Total	150.00

Expected Disbursements (in US\$, millions)

Fiscal Year	2018	2019	2020	2021
Annual	6.89	44.45	65.67	32.98
Cumulative	6.89	51.34	117.02	150.00



INSTITUTIONAL DATA

Practice Area (Lead)

Social, Urban, Rural and Resilience Global Practice

Contributing Practice Areas

Energy & Extractives

Governance

Transport & ICT

Water

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● High
3. Sector Strategies and Policies	● High
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● High



7. Environment and Social	● High
8. Stakeholders	● High
9. Other	
10. Overall	● High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Have these been approved by Bank management?

Yes No

Is approval for any policy waiver sought from the Board?

Yes No

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



Legal Covenants

Sections and Description

The Recipient shall, within sixty (60) days from the Effective Date:

(i) prepare, in accordance with terms of reference acceptable to the Association, an Environmental and Social Management Framework (“ESMF”), and a Resettlement Policy Framework (RPF), respectively, as well as any environmental assessment, environmental management plan or similar safeguard instrument required by the ESMF, or any resettlement action plan required by the RPF, all in form and substance satisfactory to the Association; and

(ii) adopt such ESMF and RPF as shall have been approved by the Association and publish said ESMF and RPF, and any environmental assessment, environmental management plan or similar safeguard instrument, in a manner acceptable to the Association.

Sections and Description

The Recipient shall not later than December 31, 2017, prepare and adopt the Project Operational Manual, in form and substance satisfactory to the Association.

Conditions

Type

Disbursement

Description

Disbursement under component 3: (1) declaration of an emergency; and (2) an agreed Emergency Response Operational Manual.

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
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Wilfried Engelke	Team Member	Economist	MNC03
Extended Team			
Name	Title	Organization	Location



YEMEN, REPUBLIC OF
YEMEN INTEGRATED URBAN SERVICES EMERGENCY PROJECT

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I. STRATEGIC CONTEXT

A. Sectoral and Institutional Context

1. **The proposed project is being processed under Operational Policy (OP) 2.30 (Development Cooperation and Conflict) and paragraph 12, Section III of the Bank Policy, Investment Project Financing (Projects in Situations of Urgent Need of Assistance or Capacity Constraints), given the instability and violence currently affecting the Republic of Yemen (RoY).** Since March 2015, Yemen descended into a full-fledged military conflict concentrated in its main cities that has caused major loss of life, internal displacement, destruction of infrastructure and disruptions in service delivery across the country's main sectors. By August 2017, United Nations (UN) agencies noted that health facilities reported at least 5,000 people killed and more than 8,000 injured. Half of the country's 26.8 million population resides in areas directly affected by the conflict. More than two million Yemenis have been internally displaced. Food insecurity affects some 17 million people, including seven million people who are severely food insecure. Two million children are acutely malnourished, in addition to 385,000 children under the age of five who are severely acutely malnourished. Nearly 15 million people are unable to access basic healthcare. Since the start of the conflict, the provision of public services, such as electricity and water, has come to a virtual standstill. Due to the resulting lack of access to reliable water supply and uncollected garbage, Yemen is confronted with a severe outbreak of cholera. By September 2017, the World Health Organization (WHO) has reported over 600,000 cases of cholera and more than 2,000 associated deaths across 21 of 23 governorates. The extent and nature of the needs are being regularly updated under the World Bank Yemen Dynamic Needs Assessment (DNA).

2. **In light of this national catastrophe, the proposed project focuses on restoring access to critical urban services in selected cities where most of the conflict-related damage has occurred.** The project will target cities in Yemen that have an estimated pre-crisis population of 50,000 people or more, or that have been covered in the Yemen DNA. Nineteen cities qualify under this criterion: Aden, Al Dhale'e, Al Hodeidah, Al Mukalla, Amran, Bajil, Bayhan, Bayt al-Faqih, Dhamar, Ibb, Lahj, Rida, Saadah, Sana'a, Say'oun, Shihr, Taiz, Yarim, and Zinjibar. The project is operating in a diverse sectoral and institutional context with activities spanning several sectors (tertiary municipal services and solid waste management, urban water and sanitation, urban roads, energy and housing). Initial damage assessments indicate a high degree of interdependence amongst these sectors. The project will embrace an integrated approach to selecting and implementing activities to maximize cost effectiveness and to ensure complementarity across sectors.

3. **The main challenges facing each of the country's sectors due to the ongoing conflict are detailed below:**

(a) Tertiary Municipal Services¹ and Solid Waste Management

4. **The level of municipal services in most urban centers in Yemen has significantly deteriorated with the ongoing conflict.** The most substantial impediment is the lack of public funds, which is affecting operational inputs such as salaries for local authority staff, availability of fuel, and equipment. Solid waste services are

¹ Tertiary refers to neighborhood-level municipal services, for example, neighborhood streets, sanitation, drainage, parks, etc.



significantly impacted, resulting in minimal garbage collection. Untreated sewage water overflow has also become a common occurrence. These factors are directly contributing to the current cholera crisis. Neighborhood roads damaged during the conflict remain unrepaired, impeding mobility and access.

(b) Urban Water and Sanitation

5. **Yemen suffers from acute water scarcity.** The urban water crisis has been exacerbated during the last three decades, partly from a lack of water resources and partly from government policy that has encouraged farmers to shift from traditional rain-fed to irrigated agriculture. Before the ongoing conflict, public water supply covered approximately half of the urban population. The other half was supplied by the unstructured private sector interventions.

6. **The ongoing conflict has exacerbated the systemic water resources crisis in Yemen.** As of July 2017, about 19.4 million people lack adequate access to clean water and sanitation, including 8.2 million who are in acute need. The armed conflict has seriously affected infrastructure and led to an almost complete stoppage of water service delivery. In addition, per the DNA, more than 40 percent of water and sanitation facilities in major cities are currently damaged and have lost functionality. An assessment conducted in 2016² also demonstrated how the inability to pay basic salaries of Local Corporations' (LCs)³ staff has further limited the operation of water facilities and services. Although the LCs, their branch offices, and associated utilities have maintained a skeleton staff, they continue to face significant challenges, including financial sustainability, infrastructure replacement or repair, customer demands and work force remuneration. Thus, a significant portion of the urban population is relying on unregulated private water tankers. Due to the lack of functioning water and sanitation services, many cities in Yemen, including Aden and Sana'a, are currently confronted with a significant cholera outbreak that is spreading rapidly across 21 out of 23 governorates.

(c) Urban Roads and Transport

7. **Yemen's road sector has gone through a significant transformation in the past three decades, albeit challenges remain.** The road network has grown from only about 5,000 km in 1990 to about 16,000 km in 2015, a 220 percent increase over 25 years. These changes have had a major impact on the population and the economy, promoting internal and external trade, connecting a growing share of the population to public services and markets, and ensuring that food imports reach remote areas. In addition, several private road construction and maintenance companies as well as engineering firms have emerged. The main challenges to the road sector include underfunding, poor planning and budgeting, and low civil service salaries.

8. **Urban roads in major cities in Yemen, such as Sana'a, Aden, Taiz, Al Hodeidah, Saadah and Amran, have been severely damaged.** The road sector has incurred widespread damage; major road links and bridges have been destroyed. Per the DNA, more than 60 percent of intra-urban roads have been affected in Saadah and Taiz. The damage to urban roads has rendered large segments of the road network inaccessible for people and vehicles with negative impacts on mobility and access to localized services (e.g. markets, health facilities and schools).

² Conducted by *Deutsche Gesellschaft fuer Internationale Zusammenarbeit* (GIZ).

³ In the water and sanitation sector in Yemen, the Local Corporations are the utility providers operating in various urban centers.



(d) Energy

9. **Even before the conflict, Yemen had one of the lowest per capita levels of electricity consumption and the lowest electricity access level in the Middle East and North Africa (MENA) region, with estimates of access—from either on-grid or off-grid sources—ranging between 52 percent and 72 percent in 2014.** The national electricity company, Public Electricity Corporation, lacked the resources and capacity to supply adequate electricity to meet the country’s requirements for maintaining economic growth.

10. **The conflict in Yemen has significantly worsened the already low electricity access level with severe impacts on urban public services as well as commercial and industrial activities, which rely heavily on a functioning power supply.** Fuel is scarce and many electricity generation facilities have been damaged. The national grid has disintegrated into several subnational systems because transmission links were damaged or ceased operations due to the conflict. Consequently, public electricity supply has been completely shut down in large areas of the country, including major cities such as Sana’a, Al Hodeidah and Taiz. Only an estimated ten percent of the population has access to reliable electricity. Light emissions visible from satellite imagery indicate that electricity consumption has decreased by about 75 percent. The impact on facilities dependent on reliable electricity has been devastating. Hospitals, water pumping stations, water treatment stations, industry and commercial facilities have all had to cut back operations or find alternative power sources.

(e) Housing

11. **Prior to the conflict, high urban population growth (albeit starting from a low level of urbanization), coupled with poverty and increased land costs, have led to a housing deficit in Yemen.** Per the World Development Indicators, in the last ten years, Yemen’s urban population growth rate has averaged 4.41 percent, over double that of the MENA region. However, urban planning and housing have not kept up, with significant overcrowding in cities, especially in temporary substandard units.⁴ Land and property rights in Yemen are based on a deeds registration system with no national cadaster. In urban areas, 32 percent of the population are renters. Other sector challenges include a mismatch between supply and demand, high construction costs, and a low quality of building materials.

12. **The housing sector in Yemen has been devastated by the ongoing conflict.** As per the findings of the DNA, more than 25 percent of the housing stock has experienced some form of damage. Since investments in housing sector reconstruction are difficult under the current conflict conditions, it is proposed to undertake preparatory, analytical measures that will contribute to creating the enabling conditions for future investments.

⁴ See also: *Residents’ Perception of the Affordability of Private Housing Schemes: Lessons from Aden, Yemen*. Overcrowding generally takes place when housing per person is below 16 square meters. In Yemen, 20 percent of temporary substandard units have an estimated average of four square meters per person.



13. **Climate change-related cross-sector challenges.**^{5 6 7} Climate change poses a significant threat to Yemen's development across many sectors. Challenges include: (a) Short-burst, intense rainfall often leads to flash floods, which can result in significant damage and high losses in urban areas due to their concentrated physical assets and population. Rainfall intensity, and therefore flooding, is projected to increase with climate change; (b) Greater rainfall variability could result in prolonged drought periods. Yemen's water crisis ranks among the worst in the world, and water stress is observed to be increasing, with groundwater reserves likely to be mostly depleted in two to three decades regardless of climate change; (c) A vast majority of the urban poor is vulnerable to rockslide and landslide risk as they typically live on marginal and environmentally sensitive land; and (d) A rise in sea levels would result in increased coastal flooding and possible damage to infrastructure and groundwater quality and supply. In response to these threats, improved urban infrastructure, water and waste management are key priorities. The project will help mitigate the potential impacts of these threats in relevant activities.

Implementation arrangements

14. **Given the country's security situation and the lack of direct entry points for the Bank, the proposed project will be implemented by the United Nations Office for Project Services (UNOPS).** In addition to being mandated with infrastructure, procurement and project management, UNOPS has extensive experience in the sectors covered by this operation and in managing projects in fragility, conflict and violence (FCV) situations. While UNOPS currently has a limited presence in Yemen, it has a proven track record of quickly scaling up operations in challenging country contexts. For the proposed project, UNOPS has begun to pre-position resources that will be available for immediate deployment, once the project is approved. In the past, similar UN-agency implementation arrangements have proven successful in Yemen. For example, the World Bank Group (WBG) has successfully partnered with both the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO) under the Yemen Emergency Health and Nutrition Project (EHNP) – Second Additional Financing – P164466, and with the United Nations Development Programme (UNDP) and UNICEF under the Yemen Emergency Crisis Response Project (ECRP).⁸

15. **UNOPS will work with local partners for the implementation of project activities.** These local partners have been created through World Bank and other international donor interventions, and have years of experience in implementing IDA investments. During the crisis, they have continued to support the implementation of donor-funded projects, leveraging their sector-specific knowledge, relationships with local entities, and on-the-ground experience. While UNOPS will partner with these entities, it retains overall responsibility for implementation, fiduciary and safeguards aspects of the project. These partner entities are as follows:

16. **Public Works Project (PWP).** The Bank and other regional, bilateral, and international development agencies have funded and supported PWP since its inception in 1996. Between 1996 and 2015, PWP implemented 5,149 projects in about 11,200 villages and 1,300 urban neighborhoods, totaling an estimated

⁵ World Bank Group. *Climate Change Country Brief: Yemen*. Retrieved from <http://globalpractices.worldbank.org/climate/Pages/CountryBriefs/Yemen.aspx>.

⁶ World Bank Group. *Climate Change Knowledge Portal: Yemen Dashboard*. Retrieved from http://sdwebx.worldbank.org/climateportal/index.cfm?page=country_historical_climate&ThisRegion=Asia&ThisCCode=YEM.

⁷ World Bank Group. (2011, April). *Climate Risk and Adaptation Country Profile: Yemen*.

⁸ The ECRP (P159053) and the ECRP Additional Financing (P161806) are being implemented by UNDP. The ECRP Second Additional Financing (P163729) is being implemented by UNICEF.



US\$648 million. PWP has played a significant role in improving poor communities' access to education, water, sanitation, roads, and irrigation, among other services. Bank experience with PWP has shown that the organization has a good reputation for fiduciary due diligence, effective delivery of results and political neutrality. PWP currently plays an important implementation role in the Yemen ECRP. PWP is headquartered in Sana'a with nine regional offices and a current core staff of 53.

17. **Road Maintenance Fund Implementation Unit (RMF-IU).** The RMF-IU has considerable experience in contract management. Created in 2005, it had implemented several road maintenance and road rehabilitation contracts with funding from the road maintenance budget as well as from various donors, including the World Bank. For these contracts, the unit had managed all procurement activities for goods, works and consulting services. It had accumulated extensive experience in preparing bids, requests for proposals from consultants, and tender documents. The RMF-IU is headquartered in Sana'a with a small office in Aden. Prior to the crisis, it maintained four regional offices in Taiz, Ibb, Lahj and Al Hodeidah.

18. **Urban Water Project Management Unit (UW-PMU).** The UW-PMU has implemented several water supply and sanitation projects in Yemen. It was established in 2002 as a financially and administratively independent PMU to manage all activities related to the implementation of the World Bank Urban Water Supply and Sanitation Adaptable Program Loan – P057602. During the implementation of this project, the UW-PMU attracted funds from various donors. It had implemented projects including 1,000 km of water supply networks, 250 km of sewer lines, reservoirs with a total capacity of 40,000 m³, three wastewater treatment plants, drilling and construction of 65 production and investigation boreholes and several emergency rehabilitations works. It is in Sana'a city and has close working relationships with LCs.

B. Higher Level Objectives to which the Project Contributes

19. **The proposed project is aligned with the WBG's strategic goals of ending extreme poverty and boosting shared prosperity in a sustainable manner.** By restoring critical services in selected urban centers while also rebuilding local-level capacity, the project will improve the living conditions of beneficiary residents in areas affected by the conflict. More urgently, it will also help address environmental conditions that are exacerbating the cholera crisis.

20. **The project is fully aligned with IDA paper on "IDA18 Towards 2030: Investing in Growth, Resilience, and Opportunity" and its special theme on fragility, conflict and violence.** This paper identified the World Bank's comparative advantage in helping solve complex problems through multi-sectoral expertise. With its integrated approach towards service delivery restoration and activities across several sectors, the project will offer best-fit solutions that are adequate to the current complexities of operating in Yemen.

21. **The project directly contributes to three of the four pillars of the WBG's Middle East and North Africa (MENA) regional strategy, which aims to achieve peace and stability in the region by promoting social and economic inclusion.** By focusing on restoring critical services, the proposed project will directly contribute to the pillars of the MENA strategy on recovery and reconstruction, and resilience to IDP/refugee shocks.

22. **The project is fully aligned with the WBG's Country Engagement Note (CEN) for the RoY 2017-2018.** The CEN (Report 106118-YE), discussed by the World Bank Board of Executive Directors in July 2016, sets out the WBG's engagement with Yemen during the conflict. It calls on relying on local resilience and



recovery mechanisms that can pay dividends by contributing to service delivery restoration and expansion, and can serve as a springboard for larger scale restructuring programs. The CEN recommends consolidating activities and avoiding portfolio fragmentation using a strategic yet flexible approach in collaboration with other development partners. The proposed project takes an integrated approach to service delivery, supports the retention of local capacity and resilience, and can be flexibly adapted for a scale-up of financing, geographic scope, and sectoral support. Finally, the project integrates the CEN lessons on the need for simple and realistic project design, as well as the focus on local level service delivery modalities that have proven to deliver results despite the conflict.

II. PROJECT DESCRIPTION

A. Project Development Objective (PDO)

23. To restore access to critical urban services of selected cities within the Republic of Yemen.

B. Project Beneficiaries

24. **Since the conflict in Yemen has been largely concentrated in urban areas, the project will target cities in Yemen that have an estimated pre-crisis (2014) population of 50,000 people or more,⁹ or that have been covered in the Yemen DNA.** Nineteen cities qualify for the project under this criterion: Aden, Al Dhale'e, Al Hodeidah, Al Mukalla, Amran, Bajil, Bayhan, Bayt al-Faqih, Dhamar, Ibb, Lahj, Rida, Saadah, Sana'a, Say'un, Shihr, Taiz, Yarim, and Zinjibar. These cities represent more than 60 percent of the urban pre-crisis population, and more than 20 percent of the total country pre-crisis population. Out of the nineteen cities, the project will select cities based on: (a) UNOPS' ability to operate; and (b) the availability of detailed sector-level data. Overall, over the course of implementation, the project is expected to reach approximately 1.4 million beneficiaries, with approximately 49.5 percent female beneficiaries.

C. PDO-Level Results Indicators

25. Number of beneficiaries with restored access to critical urban services (of which women)

D. Project Components

26. **The project financing is an IDA grant of SDR 106.2 million, in an amount equivalent to US\$150 million.** The project will finance activities that support the restoration of critical urban services in selected Yemeni cities. The restoration of urban services, including water and sanitation, transport, energy and solid waste management, will be critical to improve health outcomes, basic living conditions and local economic activity.

27. **The project adopts an integrated approach to urban service delivery that provides coordinated, multi-sectoral support to Yemen during the conflict.** The project design is based on findings and lessons

⁹ For this estimate, district-level population data from the 2004 census was extrapolated to the 2014 pre-crisis level using average population growth and urban population growth. These estimates were then cross-checked with the LandScan database of the Oak Ridge National Laboratory, which has global population distribution data available at 1km resolution.



learned from relevant analytical pieces and operational experience in FCV environments. The DNA highlights the need for an integrated and multi-sectoral World Bank engagement in urban settings. For example, water and sanitation services in Sana'a suffer from a shortage of electricity. The project design encompasses cooperation among service providers, collaboration among sectors, and co-location of complementary services to deliver interdependent goals.

Component 1: Service Restoration (US\$130 million)

28. **This component will support the restoration of critical urban services in selected cities in Yemen.** The targeted services cover five sectors: tertiary municipal services and solid waste management, urban water and sanitation, urban roads, electricity for critical services, and housing.¹⁰ The services are selected to address the most urgent needs of the urban population in Yemen. In all cases, no investments in any of the sectors will be undertaken unless there is sufficient evidence that the supply chain and/or related network or system will be operational enough to assure full utilization of the investment. Infrastructure investments under the project will be based on the Build Back Better principle, reducing the restored assets' vulnerability to climate change-related hazards (including flooding and landslides). These include in particular investments in sanitation and storm water drainage (subcomponent 1.1), water and sanitation (subcomponent 1.2), roads rehabilitation (subcomponent 1.3), and technical assistance in housing (subcomponent 1.5).

29. **In the first year, the project will focus on critical investments that can restore services in a short implementation timeframe.** These include: water pumps, generators to provide electricity to water pumps and critical health facilities, solid waste management, and simple road fixes. Project activities will be selected based on technical, social, and economic feasibility, as well as readiness for implementation. Starting with the second year of implementation, the project will expand to include additional activities that will be based on community priorities identified through citizen engagement mechanisms and the community validation of investment options (see subcomponent 2.2 for more details). The identification and preparation of bottom-up, needs-based activities for the subsequent years of the project will be conducted during the first year of implementation.

30. This component will finance works, goods, consultants' services, non-consultant services, training, and operating costs of the local partners involved in the different subcomponents. All civil works under the project are expected to be undertaken by private sector contractors, thus supporting the revitalization of local economic activity.

Subcomponent 1.1: Tertiary Municipal Services and Solid Waste Management

31. The subcomponent will include small-scale, neighborhood-level tertiary municipal goods and infrastructure that will improve access to municipal services. Selection of investments will be based on the priority needs identified by each targeted urban community in collaboration with the relevant District Local Authorities (DLAs) and/or communities. Since infrastructure will be provided through local contractors, this subcomponent will also help restore local economic activity and generate local employment through the participation of small private sector contractors, building material suppliers, and service providers.

¹⁰ The housing sector subcomponent will not include any investments or works but will focus on technical assistance to prepare for housing sector reconstruction once the situation permits.



32. Activities supported by this subcomponent may include:

- (a) **Solid waste management.** Prior to any investments in this sector in any city, a site suitability assessment will be undertaken of existing landfill sites. The assessment will produce an action plan designed to enable solid waste collection activities in conjunction with a pragmatic and conflict-sensitive landfill site management program that implements mitigation measures determined to satisfy safeguard requirements and minimize environmental impacts. Based on the action plan, possible activities in the sector may include: output-based service contracts to restore collection and transfer of solid waste to the landfill sites; environment and social safeguards mitigation measures for landfill sites; weighing stations for landfill sites; and limited provision of inputs (e.g. waste collection bins, etc.). Given the imminent health impacts of the uncollected garbage in the streets, waste collection – as one of the responses to the cholera epidemic – will be undertaken in parallel to the necessary mitigation measures at the landfills as identified by the site suitability assessment. If the assessment finds an existing landfill site in a given city to be unsuitable due to severe health and environmental risks and no remedial actions are possible, the project will either dispose of the waste in an alternate landfill (if possible) or exclude that city from solid waste management interventions;
- (b) **Neighborhood sanitation** activities may include the rehabilitation of existing inspection chambers and manholes (including replacement of damaged manhole covers), and the repair or expansion of sewer pipes not covered by LCs, subject to their linkages to functional treatment/disposal systems;
- (c) **Rain water drainage** will improve storm water drainage by constructing channels, box culverts, and water breakers in existing water pathways; rehabilitating existing channels; and providing grills to ensure outlets are not blocked. To the extent possible, these activities will be coordinated with solid waste collection programs;
- (a) **Stone paving of neighborhood streets** that are not covered under the urban roads subcomponent. Stone paving of streets will also include paving of pedestrian sidewalks;
- (b) **Rehabilitation of local parks and green spaces** including cleaning and paving of existing pathways, providing sitting spaces and shades, planting greenery suitable for the local climate, repair of the commonly-used fencing and gates that have been damaged, and children’s play areas. The rehabilitation of local parks and green spaces will have significant social benefits for the beneficiary communities, as visiting green spaces and public parks during weekends and public holidays has become the main source of entertainment for many families due to lack of alternatives.
- (c) **Related sector-specific activities.**

33. The subcomponent will be implemented by UNOPS in partnership with PWP.

Subcomponent 1.2: Urban Water and Sanitation

34. The subcomponent includes small- to medium-scale goods and infrastructure works, as well as critical supplies (such as fuel) to restore water and sanitation service delivery at the city level. The selection of activities will be based on the priority needs to be identified by UNOPS, in consultation with the UW-PMU,



LCs, relevant DLAs and/or local communities. These subprojects will complement water and sanitation system activities currently foreseen under the Yemen EHNP Second Additional Financing (P164466), which focuses on the rehabilitation of medium- to large-scale water and sanitation infrastructure including Waste Water Treatment Plants (WWTPs). The project team will ensure that there is no duplication of activities with other World Bank and donor-funded projects in the water and sanitation sector. Investments under this subcomponent will incorporate the Building Back Better principle in order to strengthen the water and sanitation system's resilience to climate change-related risks.

35. Activities to be supported by this subcomponent may include: (a) replacement of critical and needed assets like pumps, generators, water treatment units, related facilities, and spare parts; (b) rehabilitation of pipes, water tanks, existing wells, and WWTPs; (c) service delivery maintenance support to LCs including transportation allowance for critical staff, fuel supply, and electricity expenses (as needed); (d) awareness campaign on utility payment through citizen engagement; (e) support for the establishment of private tanker filling stations and associated accreditation; (f) creation of a directory of service providers and their contact information, including making the directory widely available, allowing household consumers to contact multiple water delivery services to get more reliable water supply at competitive prices; and (g) sector specific analytical work required during the course of project implementation. Particular attention will be paid to investments in sanitation to ensure that the entire supply chain from collection to final treatment is functional or made functional through the investments. As water supply in the network was intermittent prior to the conflict, investments in water treatment inputs or facilities, or leak detection equipment will be considered only if they are economically viable.

36. The subcomponent will be implemented by UNOPS in partnership with the UW-PMU. Activities under this subcomponent will be coordinated with UNICEF under the EHNP – Second Additional Financing – P164466.

Subcomponent 1.3: Urban Roads

37. The subcomponent will rehabilitate selected primary and secondary urban roads including those at the entrances to the cities. Activities may include spot and pothole repairs, crack sealing, patch works, asphalt resurfacing, road safety improvement works and intersection rehabilitation. This subcomponent will contribute to increasing mobility and access, including supporting regeneration of economic activity, and improving road safety. The choice of activities is based on the priority needs identified by UNOPS in consultation with RMF-IU, the DLAs, and/or local communities. Each rehabilitation works contract will maximize the use of manual labor to support local employment. The rehabilitation works will also consider the climate risks that the roads are exposed to, and build back better with climate resilience in mind.

38. The subcomponent will be implemented by UNOPS in partnership with the RMF-IU.

Subcomponent 1.4: Electricity for Critical Services

39. This subcomponent supports the restoration of electricity supply to critical urban services. During the first year, it will prioritize off-grid electricity solutions for functional water, sanitation, health and education facilities. Demand for such activities will be closely coordinated with relevant UN agencies. Other urban services may be included in later years based on local-level demand. The short- to medium-term



activities under this subcomponent may include: (a) rehabilitation of existing conventional (diesel) generation systems; (b) installation of new and/or rental of off-grid generation using diesel, renewable energy (such as rooftop or ground-mounted solar photovoltaic (PV) panels for buildings) or diesel-solar PV hybrid technologies; (c) restoration of fuel supply, where needed;¹¹ (d) solar PV and light-emitting diode (LED) street lights; (e) energy efficiency improvements, such as LED lights in buildings and solar water heaters; and (f) provision of electricity through off-grid private sector rental generation. The long-term, sustainable option is to move to grid-based electricity supply platforms that can provide more reliable and affordable electricity. While the focus of this project in the short-term will be on off-grid solutions targeted for electricity supply to critical urban services, the feasibility of private sector service contracts for decentralized production and provision of electricity may be examined in the later years of project implementation.

40. The subcomponent will be implemented by UNOPS. Activities under this subcomponent will be coordinated with public service institutions (e.g. hospitals, health facilities, schools, local water corporations, etc.), municipal authorities, international agencies (e.g. WHO and UNICEF), and other relevant stakeholders.

Subcomponent 1.5: Housing Sector

41. This subcomponent will focus on conducting technical assistance (TA) for the housing sector, which is the most impacted sector in terms of recovery needs.¹² TA may include the following, incorporating the Build Back Better principle in activities that impact construction and reconstruction: (a) addressing Housing Land and Property (HLP) rights through conducting a detailed assessment of current HLP status, identifying potential aspects that will affect housing reconstruction efforts, and suggesting solutions that include community participation in mapping property rights, taking into account the gender gap in property rights; (b) conducting a damage survey (where feasible) to evaluate the structural soundness of damaged houses, categorizing the level of damage to each housing unit and conceiving an appropriate level of activity for each; (c) developing a housing assistance targeting framework and eligibility criteria; (d) mapping of organizations (government agencies, non-governmental organizations (NGOs,) and private sector available to support the reconstruction process and assessing their capacity; (e) developing suitable financing strategies for housing reconstruction; (f) developing hazard-resistant housing solutions that build on local architecture; and (g) developing instructive materials and guidelines adapted to vernacular construction techniques, and preparing a communications and training strategy.

42. If the assessments are completed and appropriate reconstruction strategies can be developed prior to project completion, funding could be provided under this project to support the repair and rebuilding of damaged residential structures.

Component 2: Implementation Support and Capacity Development (US\$20 million)

Subcomponent 2.1: Project Implementation and Management Support

43. This subcomponent will finance: (a) general management support (indirect) costs for UNOPS; (b) direct project management and supervision costs required to support the implementation of the project; (c)

¹¹ In some cases, such as hospitals and health facilities, the fuel supply may be covered by another development partner and the activity will require close coordination to avoid duplication.

¹² Per the DNA, recovery needs in the housing sector account for more than 65 percent of the total needs in assessed cities.



project monitoring, evaluation and coordination at the city level; (d) a subproject-tailored, global information system (GIS)-based expenditure tracking and information dissemination system to promote transparency and accountability; e) independent audits of project activities, if required; and f) the establishment of a Grievance Redress Mechanism (GRM) in the UNOPS Sana'a office to document any possible complaints and ensure follow-up.¹³ UNOPS will perform project management and implementation support functions through their local office in Sana'a. Its project management and implementation support team will include a program manager, procurement specialists, finance specialists, an environment and social safeguards specialist, a logistician officer, and an administrative officer.

Subcomponent 2.2: Technical Assistance

44. This subcomponent will support capacity building activities for the stakeholders who will be involved in the delivery of activities under the project at central and local levels. These activities will focus on technical skills for all sectors involved in the project, including more effective human resource management, coordination, transparency and accountability, safeguards, and public financial management. The outcomes of the first round of capacity development will allow the Bank team to gain a better understanding of the capacity needs on the ground and tailor the activities under this subcomponent accordingly.

45. This subcomponent will also support citizen engagement and communication over the course of project implementation, including facilitation of a bottom-up process for needs prioritization at the local level, as follows:

- (a) **A context-sensitive public communication plan** will be devised and rolled out with the start of subproject implementation and throughout project implementation. The goal of this outreach campaign is to ensure the transparency of subprojects' cost, selection rationale, and implementation schedule. This will be complemented by a GRM system put in place to allow citizens to voice grievances related to project activities. Citizen communication will also be utilized to encourage beneficiaries to pay for the improved services to enable local providers to sustain these services after project completion;
- (b) **Facilitate citizen engagement in the identification, prioritization and monitoring of investment projects.** This will require conducting initial assessments and contextual analyses to develop suitable processes for citizen participation. Various modalities will be considered, including focal group discussions, town halls, and online voting platforms. The resulting participatory processes will be applied to the selection of investment projects in the second and third year of project implementation. Citizen participation in the decision-making on annual investment plans will be subject to technical priorities determined by UNOPS in consultation with its local partners. This citizens' input will help to validate priorities identified by the implementing agency and to choose between competing investment options. Citizen consultation arrangements, subject to local political realities, will strengthen the role of key local entities, such as the DLAs, in institutionalizing and sustaining sound citizen participatory practices. The consultations will include women to enhance their voice in the participatory planning process for investment projects. This will help ensure that

¹³ The GRM system will be focused on selection and implementation of capital works and related investments.



restored services meet the specific needs of women.¹⁴ The project will also explore using UNOPS' citizen-based monitoring mechanisms.

46. UNOPS will implement these activities by engaging Civil Society Organizations or other relevant technical experts, as needed.

Subcomponent 2.3: Third Party Monitoring

47. UNOPS will engage a Third-Party Monitoring (TPM) agent to undertake independent results verification of subprojects funded under the project. The TPM agent will report on the activity outputs, the restoration of services for the intended beneficiaries, and the fiduciary and safeguard processes followed by the local partners. The Terms of Reference (TOR) for the TPM agent will be developed by UNOPS and agreed upon with the World Bank. UNOPS will regularly share the TPM reports with the Bank and will include in the report the actions taken to address any implementation issues identified by the TPM agent.

Component 3: Contingent Emergency Response (US\$0)

48. The objective of this component is to improve the country's response capacity in the event of an emergency, following the procedures governed by paragraph 12, Section III of the Bank Policy, Investment Project Financing. There is a possibility that, during project implementation, a natural disaster, epidemic or another emergency may occur, which would cause a major adverse economic and/or social impact. In anticipation of such an event, the Contingent Emergency Response Component (CERC) allows UNOPS to receive support by reallocating funds from other project components or serving as a conduit to process additional financing from other funding sources for eligible emergencies to mitigate, respond to and recover from the potential harmful consequences arising from the emergency. Disbursements under this subcomponent will be subject to the declaration of emergency by the RoY, the international community, or the UN.

¹⁴ The Yemen CEN (Report 106118-YE) has identified the lack of women's voices in decision-making as an important obstacle to gender equality in Yemen.



E. Project Cost and Financing

49. **The proposed project is an Investment Project Financing instrument with an implementation period of three years.** The project will be financed by a US\$150 million equivalent IDA grant to UNOPS as recipient and implementing agency.

Project Components	Project cost	IBRD or IDA Financing	Trust Funds	Counterpart Funding
Component 1: Service Restoration	130.00	130.00	0.00	0.00
Component 2: Implementation Support and Capacity Development	20.00	20.00	0.00	0.00
Subcomponent 2.1: Project Implementation and Management Support ¹⁵	16.00	16.00	0.00	0.00
Subcomponent 2.2: Technical Assistance	3.00	3.00	0.00	0.00
Subcomponent 2.3: Third Party Monitoring	1.00	1.00	0.00	0.00
Component 3: Contingent Emergency Response	0.00	0.00	0.00	0.00
Total Costs	150.00	150.00	0.00	0.00

F. Lessons Learned and Reflected in the Project Design

50. The proposed project’s design builds on the following findings of previous Independent Evaluation Group reports, the “World Development Report: Conflict, Security, and Development” (WDR 2011), lessons learned from the World Bank’s previous engagement in fragile and conflict-affected situations (e.g. Yemen, Iraq), as well as global disaster risk management and emergency recovery and reconstruction experience, which highlight the following best practices:

- (a) **Promote local-level resilience and recovery.** World Bank engagement in various countries has demonstrated that relying on existing local-level resilience and recovery mechanisms can support service delivery restoration, where they remain a cost effective and efficient way of delivering services. These mechanisms can serve as springboards for larger-scale reconstruction efforts.

¹⁵ This subcomponent includes UNOPS Indirect Cost (3%): US\$ 4.36 million; and UNOPS Direct Cost (6%): US\$ 9.1 million.



- (b) **Support local institutions and preserve their capacity.** Experience from other countries shows that the development of resilient state institutions and local capacity is critical to sustain service delivery. By supporting local institutions, the proposed project will help preserve the capacity of key trusted Yemeni development institutions and programs, which is important not only for the delivery of current emergency operations but also for the post-conflict recovery phase.
- (c) **Flexibility and quick wins.** In emergency and crisis contexts, it is critical to build flexibility into project design to be able to respond to evolving developments and needs on the ground. Moreover, it is important to implement interventions that can show quick and visible yet effective results. In the first year, the proposed project will focus on fast disbursing interventions that can quickly restore the delivery of the most critical services. Investment plans for the subsequent years will be prepared at regular intervals during project implementation to address the most critical needs on the ground.
- (d) **Integrated urban service delivery.** Lessons learned and best practices from emergency and crisis contexts have shown that coordinated and multi-sectoral programming is necessary for an effective and sustainable crisis response. This is particularly true for the urban sector, where services are often closely interrelated across sectors.
- (e) **Partnership with the UN system during ongoing conflicts.** The ongoing and successful collaboration between the World Bank and UNICEF/WHO under the Yemen EHNP, and with UNDP/UNICEF under the Yemen ECRP, suggests that such partnerships are invaluable in conflict settings where the World Bank does not have a presence on the ground.
- (f) **Building Back Better:** Based on the World Bank's experience in post-crisis engagement worldwide, rebuilding infrastructure and restoring services exactly as they were prior to a crisis often re-creates similar vulnerabilities that existed earlier. The recovery period offers an opportunity to address and rectify these vulnerabilities with the objective to ensure a sustainable crisis recovery. This requires developing and implementing adequate bottom-up and participatory community engagement mechanisms for the design and implementation of project interventions.

III. IMPLEMENTATION

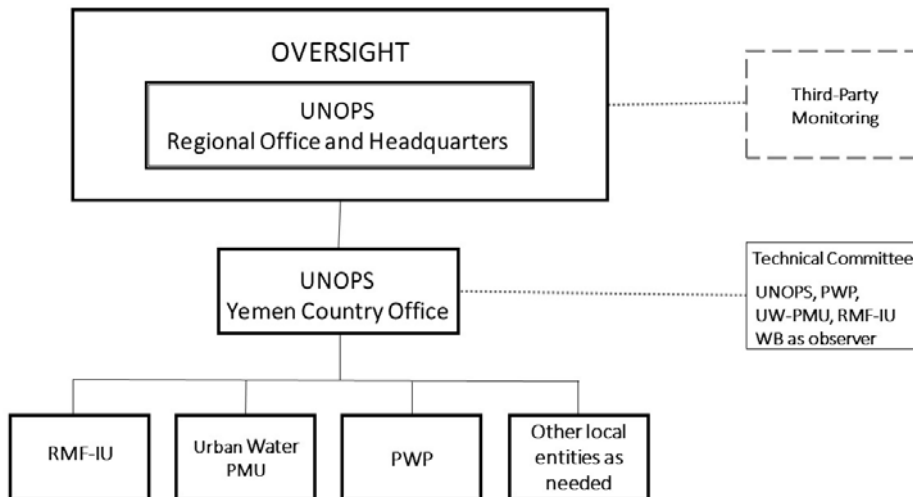
A. Institutional and Implementation Arrangements

51. The proposed project is an emergency operation processed under OP 2.30 and paragraph 12, Section III of the Bank Policy, Investment Project Financing. It uses UNOPS as the recipient of IDA funds and alternative implementation agency on an exceptional basis under the Financial Management Framework Agreement (FMFA) between the World Bank and UN agencies. The financial management arrangements will be governed by the FMFA, which provides for the use of the UN's Financial Regulations. UNOPS will follow its own procurement procedures as Alternative Procurement Arrangements allowed by the World Bank's new Procurement Framework Policy Section III.F.



52. **The project will be implemented by UNOPS through direct implementation as well as project cooperation agreements between UNOPS and local partners.** UNOPS will: (a) take responsibility for project implementation; (b) monitor the project targets and results in coordination with the local partners; (c) handle relevant procurement, financial management, and disbursement management including the preparation of withdrawal applications under the project; and (d) ensure that all reporting requirements for IDA are met per the Project Financing Agreement. Figure 1 below describes the project governance and management structure to be put in place under the project.

Figure 1. Project Governance and Management Structure



53. **World Bank implementation support and oversight.** The World Bank task team, in close coordination with the Yemen country management unit and participating Global Practices, will conduct scheduled implementation support for the project. The World Bank will closely coordinate with UNOPS for the implementation and overall oversight of the project.

54. **UNOPS Oversight.** UNOPS has a regional structure with the regional office and hub based in Amman, Jordan. This structure has an established capacity in the areas of finance, procurement, human resources, IT, and security which will provide support and advice as needed. In addition, a Regional Oversight and Management Advisor oversees the operations in the region and provides management advice to the Regional Director. The Regional Office is supported from the UNOPS headquarters, based in Copenhagen, Denmark, which is mandated with global corporate oversight and program support for UNOPS and hosts the following practices: (a) Integrated Practice Advice and Support, which provides hands-on support and advice and transactional approvals for certain levels; (b) Contract and Property Committee, which reviews procurement cases that are beyond the delegation of authority of the Program Manager in Yemen as well as the Regional Director in Amman; (c) Infrastructure and Project Management Group, People and Change Group, Procurement Group, and Finance Group, which develop corporate policies in their specific areas of expertise, oversee implementation of policies, implement operational excellence and standards, provide training to UNOPS personnel, and provide program support, as needed. At the country level, UNOPS office in Sana’a will house the project management and implementation support team of international and national



staff comprising a program manager, procurement specialists, finance specialists, an environmental and safeguards specialist, a logistician officer, and an administrative officer.

55. **Technical Committee (TC).** To facilitate the investment planning process and ensure cross-sectoral coordination, UNOPS will chair a TC composed of representatives from the local partners (PWP, RMF-IU and UW-PMU). Other members will be engaged during the project, if needed. The World Bank will join the TC as an observer. The TC will play an advisory role and will meet twice a year and on an as needed basis. Its main tasks will include: a) conducting a periodic review of project implementation progress and provide recommendations for improvement, as necessary; b) reviewing proposed subprojects for the yearly investment plans and recommending a shortlist; and c) strategically communicating the project and its investments to other donors and stakeholders.

56. **Local Partners.** To preserve the technical and implementation capacity of existing institutions in Yemen, to the extent possible and as relevant, UNOPS will work with PWP, RMF-IU, and UW-PMU as local partners for implementation. UNOPS has assessed these local partners' technical, fiduciary, procurement and safeguards capacity. Accordingly, UNOPS will decide on an appropriate contractual arrangement with each entity in accordance with its own operational guidelines. Local partners will play a critical role on technical aspects, such as coordinating with local stakeholders, identifying initial investments, and preparing initial specifications, as well as carrying out the assigned activities in accordance with the procurement plan. UNOPS will retain overall responsibility for project implementation. During project implementation, UNOPS may engage additional local partners, if deemed necessary.

57. **Annual Investment Plans.** For the first year, a preliminary list of activities has been prepared by UNOPS in collaboration with local partners. For subsequent years, a citizen-informed annual investment plan recommended by the TC and finalized by UNOPS will be submitted to the World Bank for non-objection prior to commencement of implementation. The annual investment plans will be reviewed during implementation to ensure the continued appropriateness of the selected investments.

58. **Closing date and implementation schedule.** The planned activities under the proposed emergency operation will be implemented over a period of three years (January 1, 2018 to December 31, 2020). The proposed US\$150 million IDA grant will be disbursed over the period of three years.

B. Results Monitoring and Evaluation

59. UNOPS will be responsible for results monitoring and will ensure the frequent monitoring of project implementation (for example through field visits to implementation sites), regular follow-up with its local partners, and progress towards the results indicators in accordance with the results framework (see Section VI). Given the evolving conflict and security situation in Yemen, UNOPS will ensure that results monitoring is responsive to the changing circumstances on the ground. As part of the reporting process, UNOPS will provide updated GIS maps of the project areas to help monitor progress towards infrastructure-related activities. Furthermore, the local partners will prepare quarterly progress reports, that will be reviewed by UNOPS and shared with the World Bank. UNOPS will submit to the Bank technical and financial progress reports on project activities every six months in accordance with an agreed template. The technical report will include: (a) a summary of the progress and the context within which the project is implemented; (b) activities carried out during the reporting period; (c) any challenges encountered and measures taken; (d) changes introduced



during implementation, including changes in the budget; (e) achievements and results of the project with reference to identified indicators; and (f) the work plan for the subsequent reporting period.

60. In addition to its regular monitoring and evaluation activities, UNOPS will engage a TPM agent as described under Subcomponent 2.3 to undertake independent results verification of subprojects funded under the Project.

61. The World Bank will conduct regular “reverse” implementation support missions with UNOPS to discuss the progress, implementation arrangements, investment prioritization criteria for the subprojects, and the investment plans. These missions will be conducted every six months to: (a) review implementation progress and achievement of the PDO and intermediate indicators; (b) provide support for any implementation issues that may arise; (c) provide technical support related to implementation, achievement of results, and capacity building; (d) discuss relevant risks and mitigation measures; and (e) monitor the overall project performance through progress reports, audit reports, and field visits, if and when they become possible.

62. Given the implementation arrangements of the project and the associated high risks, the Bank’s role in results monitoring and evaluation will also extend to identifying relevant lessons and drawing recommendations for future World Bank activities in similar contexts on aspects such as effectiveness, sustainability and implementation modalities.

C. Sustainability

63. **The proposed project will promote the sustainability of its activities in a variety of ways.** First, it aims to preserve and support the implementation capacity of national institutions by using local partners (PWP, UW-PMU and RMF-IU) to facilitate project implementation and by working closely with local institutions (DLAs, LCs, etc.) for the delivery of critical services. This will help maintain the capacity of important local service delivery mechanisms during the crisis and can help enable a smooth transition to government functions once the crisis ends. Second, the project will involve communities to identify the most pressing needs of the urban population in Yemen. It will restore the integrity of key elements of the disrupted service delivery system, provide inputs to facilitate the restoration of service delivery, and support operations and maintenance functions. Third, the project will select investments based on the following criteria to ensure sustainability: (a) being a part of the existing asset base; (b) the level of damage or non-functionality; (c) importance for the integrity of the network and the service supply; (d) potential impact on beneficiaries, particularly with regards to health considerations, most notably the cholera epidemic; and (e) community priorities.

D. Link to Other WBG Emergency Programs and Role of Partners

64. **The project was designed to complement existing WBG emergency operations in Yemen, and to become an integral part of the World Bank emergency response for Yemen.** By restoring service delivery in urban settings, the project complements the Yemen ECRP that focuses on improving livelihoods, infrastructure, and services primarily in rural areas. Moreover, the project will coordinate closely with the Yemen EHNP – Second Additional Financing – P164466 by complementing the infrastructure-heavy approach of the EHNP in the water and sanitation sector with targeted small- and medium-scale investments that aim



to restore WWTPs at the city level.

65. **To avoid duplication of activities across the supported sectors, UNOPS will coordinate closely with other donors and partners.** The United Nations Office for the Coordination of Humanitarian Affairs is assisting the delivery of improved water and sanitation services through the Central Emergency Fund, the Yemen Humanitarian Fund, and UNICEF with a total of around US\$45 million. UNDP launched the Emergency Solid Waste Management Response Project in Taiz in January 2016, aiming to restore disrupted solid waste removal services for an estimated 460,000 people. Furthermore, the European Union's 2016/2017 Special Measure for Yemen works on restoring basic healthcare facilities through community-based projects and provides equipment for alternative and renewable energy sources, improved water, and medical waste management with an overall budget of US\$320 million. The United Kingdom Department for International Development has more than doubled its humanitarian funding to Yemen in 2017, committing US\$120 million to provide medical supplies, water, food and nutrition, and emergency shelter. To address the impact of the cholera outbreak, the United States Agency for International Development has scaled up its response efforts in the water and sanitation sector by contributing US\$19 million to UNICEF this year. The Islamic Development Bank is carrying out a number of projects in Yemen, including interventions in roads, water, sanitation, electricity, as well as agricultural and health initiatives.

IV. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

66. **The overall risk to the achievement of the project's objective is 'High.'** As the project will be implemented in a challenging conflict context, the key risks that may hinder its effective implementation include: political and governance risks; macroeconomic risks; technical design risks; environmental and social risks; and fiduciary and stakeholders' risks. Based on the WBG's risk framework, the risk profile for this project will be assessed, reviewed and updated on a regular basis to ensure that adequate responses to relevant risks are planned and implemented, their effectiveness monitored, and corrective actions taken where responses do not provide effective solutions.

67. **Political and governance risks are rated 'High.'** The ongoing conflict in Yemen can significantly impede the implementation of this project. The deteriorating security situation may prevent the effective implementation and regular supervision of Project activities. Additionally, the control of geographical areas of the country by different political or armed factions could lead to the interference and inappropriate targeting and selection of activities. As UNOPS will be responsible for project implementation and oversight, it will strive to ensure political neutrality and objectivity by working with local entities and stakeholders on the ground. The overall geographic scope is selected based on population data to target medium- to large-size cities. Starting with the second year of implementation, communities will be engaged in investment selection and prioritization using context-specific citizen engagement processes. Nevertheless, despite several mitigating measures, the residual political and governance risks remain 'High.'

68. **Macroeconomic risks are rated 'High.'** The economic impact of the crisis has been devastating for Yemen, aggravating an already weak pre-conflict economic performance. In 2015, the economy contracted by about 28 percent of Gross Domestic Product (GDP), while inflation estimates have reached about 40 percent. The resulting fiscal pressures led to a sharp reduction of expenditures in 2015 (from about 28 percent



of GDP in 2014 to 21 percent). The GoY is no longer able to fund the operational costs of the public services, and there is evidence of salaries not being paid to government personnel due to the acute shortage of public resources.

69. **Sector Strategies and Policies risks are rated ‘High.’** In the current situation, Yemen lacks any long-term sector strategies or policies. Sector priorities have shifted from medium- and long-term focus to the short-term restoration of critical services. The project addresses, in part, the current emergency situation by focusing on restoring services through high impact activities, while engaging local entities and stakeholders to ensure adequate inter-sectoral prioritization and coordination with similar emergency interventions in the country. The project activities provide an initial step towards medium- and longer-term recovery.

70. **Technical Design risk is rated ‘Substantial.’** The risk is mitigated by including flexibility in project design that allows the implementing entity, UNOPS, to adapt to evolving risks. The design of individual sectoral activities is kept simple, taking into consideration the existing capacity constraints of local institutions and private contractors in the country. Technical risks will be managed by UNOPS, which has demonstrated expertise in the areas of procurement, infrastructure development, technical advisory services and project management in similar contexts.¹⁶

71. **Institutional Capacity for Implementation and Sustainability risks are rated ‘Substantial.’** The project will be implemented by UNOPS, with support from local partners as appropriate. The project relies on local partners that have worked with the World Bank for several years on the implementation of IDA-supported projects. These local partners have demonstrated the ability to operate during the ongoing conflict (albeit at varying levels). Involving local institutions during implementation will sustain their implementation capacity. Moreover, UNOPS will bring a mix of international and local expertise to implement the proposed project. During implementation, there is a risk that an escalation in the conflict may result in further deterioration of the security situation and possible evacuation of staff. This risk will be mitigated by the business continuity plan of UNOPS that will allow the organization to continue project implementation to the extent possible with its local staff on the ground.

72. **Fiduciary risks are rated ‘High.’** Risk factors related to corruption and fraud are present in various stages of the technical implementation, procurement, and financial cycles. The project governance structure and UNOPS’ project management standards will ensure transparency and a segregation of duties. UNOPS will be responsible for managing fiduciary risks, establishing a set of financial management procedures based on their policy to address fraud, and providing reasonable assurances that funds are used for the intended purposes. To that end, UNOPS will establish a real-time oversight, transparency, and accountability mechanism through a GIS-based expenditure tracking and information dissemination system as well as the use of social media analysis. Risks related to procurement may include delays in emergency response due to UNOPS’ internal approval requirements. This risk will be mitigated by delegation of authority to the UNOPS Office of the Regional Director as needed, and by invoking emergency procurement procedures within UNOPS. Procurement risks include: (i) the potential unavailability of local service providers and inability of local bidders to submit a bid and performance security from reliable local commercial banks; (ii) import restrictions into

¹⁶ Many UNOPS processes and services have already been independently certified by outside bodies, including: Quality management – ISO 9001; Project management - APMG, the Project Management Institute; gold level in the Sustainable Procurement Review by the Chartered Institute of Procurement and Supply (CIPS); ISO 14001 certification of UNOPS environmental management system.



the country, and availability and variety of required Goods' items in the country. To mitigate this risk, UNOPS has carried out an initial market assessment.

73. **Environmental and Social risks are rated 'High.'** This rating is mainly due to possible elite capture of investments by powerful and/or better connected beneficiaries. Social exclusion risk will be mitigated by relying on a participatory, bottom-up, prioritization process to identify project activities. Robust implementation guidelines will be detailed in the Project Operation Manual to ensure proper targeting, inclusiveness, fairness, and active citizen engagement in the participatory approach promoted by the project. The ESMF and related GRM will also help mitigate potentially adverse environmental and social impacts stemming from the selection and implementation of activities. The TPM agent will monitor environmental and social safeguards compliance. As the project will support solid waste management interventions, and considering the fact that the current status of landfills is unknown and may have been degraded by the crisis, the improper disposal of solid waste may pose some health and environmental risks. To ensure the proper disposal of solid waste collected under the project - and prior to any investment in this sector - a site suitability assessment will be undertaken of existing landfill sites (see also paragraph 31). To avoid potential health and environmental risks associated with the lack or improper treatment of collected wastewater, investments in sanitation will only take place if the entire supply chain from collection to final treatment is functional or made functional through project investments.

74. **Stakeholder risk is rated 'High.'** Due to the emergency nature of this project, structured community engagement will apply starting with the second year of implementation, posing a potential risk in relation to beneficiaries' satisfaction for the first-year activities that are to be identified in consultation with the local implementing partners. This risk will be mitigated by encouraging local partners to consult DLAs and/or local communities for first-year investment selection. The project will also partially mitigate this risk by promoting transparency and mapping all activities in a GIS-based portal. Citizens may register grievances of potential elite capture through the project's GRM.

V. APPRAISAL SUMMARY

A. Economic Analysis

75. About 1.4 million Yemenis will benefit from the project's planned activities and investments over a three-year period. The project's overall economic rate of return (ERR) is estimated to be 94.3 percent of investment. Due to uncertainties and lack of data, the tertiary municipal service and solid waste management sector is estimated to yield a neutral ERR. The project activities in all other targeted sectors are expected to yield a positive ERR: water and sanitation (237.5 percent), roads and transport (57 percent), and energy (40 percent). The ERR was significantly influenced by the activities in the water and sanitation sector, namely its high positive impact on health, nutrition, and combating cholera and other water-borne diseases. The synergy effects of the mutually supportive investments between the water and sanitation, and energy sectors were built into the calculation for the energy sector ERR.



B. Technical

76. The conflict in Yemen has had a devastating impact on critical urban services, including water and sanitation, municipal services, urban transport and electricity. Key facilities have been damaged or destroyed, salaries of core staff are not paid, fuel and other basic supplies are missing, and electricity supply to operate facilities is often lacking. The proposed project was designed to support the restoration of these critical urban services, using an integrated approach that ensures important sectoral linkages as an integral part of the design of project activities. To ensure cross-sectoral coordination, the project promotes cooperation among service providers and co-location of complementary services.

77. The design of the project is based on lessons learned from previous country experience in Yemen and from other Bank-wide experience with emergency response operations in FCV settings. These lessons learned include the value added of promoting local resilience by supporting local institutions to preserve their capacity, a flexible project design that allows for quick wins as well as geographic and sectoral scalability, and the establishment of partnerships with organizations that have access on the ground.

78. UNOPS has been selected as the implementing agency and recipient of IDA funds based on: (a) its significant experience in managing complex projects in FCV environments; (b) its expertise in the urban infrastructure sectors; (c) its proven track record in project management, procurement, and financial management; and (d) the ability to quickly scale up its operational presence as proven in other FCV contexts.

C. Financial Management

79. The project's financial management arrangements will be governed by the FMFA, which provides for the use of UNOPS's Financial Rules and Regulations. To provide adequate financial management services supporting the proposed project, the UNOPS regional office in Amman, Jordan, conducted a risk assessment of the proposed operation and local partners in Yemen. It developed a mobilization plan to ensure that adequate human resources and financial management systems in Yemen will be in place on a timely basis. Implementation arrangements, internal control and internal oversight functions will be detailed out in the Project Operation Manual.

80. For the purposes of this project, UNOPS' financial management unit in the Yemen Office will be led by one international finance specialist supported by two finance officers, one associate and one assistant. The design of the staffing structure proposed by UNOPS is based on their assessment of the local implementation partners and their respective financial management roles and responsibilities. The UNOPS financial management unit will be responsible for the daily financial management and disbursement functions of the project. These responsibilities will include: (a) recording all project transactions; (b) ensuring segregation of duties as per UNOPS Financial Rules and Regulations; (c) preparing and submitting detailed financial reports, both internally and to the World Bank, which will track commitments and expenditures by sector, city, component, and activity; (d) working with technical staff to prepare adequate cash forecasts; (e) preparing withdrawal applications; (f) carrying out bank reconciliations; and (g) ensuring adequate internal control functions as per UNOPS regulations and the Project Operation Manual. The UNOPS regional office in Amman will continue to provide the UNOPS Yemen Office with technical support, advisory services and oversight.



81. UNOPS will: (a) maintain a financial management system, including records and accounts, that is adequate to reflect the transactions related to the project activities, in accordance with the requirements of their financial regulations; (b) maintain a separate ledger account (Grant Control Account) in their books to record the financial transactions of this project; and (c) prepare, on a six-month basis, interim unaudited financial reports (IUFs), in accordance with accounting standards established pursuant to their financial regulations and in the format agreed upon with the World Bank, which are adequate to reflect and track the expenditures related to the IDA grant. The IUFs will be provided to the World Bank no later than 45 days after the end of each six-month period.

82. UNOPS will ensure that the audit of the project activities is governed by their financial regulations and the FMFA. Furthermore, UNOPS will retain, until at least one year after the World Bank has received the final financial report in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing expenditures in respect of which withdrawals from the Grant Account were made. The Grant Control Account will be subject exclusively to the internal and external audit arrangements applicable to UNOPS as set out in their financial regulations.

83. To provide reasonable assurance that project funds are spent for the intended purposes, the following arrangements will be in place: (a) reliance on UNOPS' internal control mechanisms and internal oversight functions throughout the financial management and disbursement arrangements, documentation of expenditures, and detailed reporting; (b) direct payments to contractors as well as controls around advances to local partners; (c) contracting technical experts to supervise the implementation of activities; (d) use of the TPM agent to verify the physical implementation of activities and compliance of local entities with fiduciary arrangements as agreed with UNOPS; (e) establishing a real-time oversight, transparency, and accountability mechanism through a GIS-based expenditure tracking and information dissemination system; (f) providing updated GIS maps of the project areas to help monitor progress and enhance project supervision; (g) using social media to analyze community perception of subprojects on a real time basis, to identify red flags for fraud, corruption, and unequal treatment of communities, and to complement the GRM; and (h) providing financial and progress reports submitted on a semiannual basis.

84. **Flow of Funds and Disbursement Arrangements.** Disbursement from the Bank to UNOPS is simplified to ensure timely availability of funds to implement the proposed Project. Disbursement to UNOPS' official bank account shall be made based on the IUFs. Requests for disbursement will cover the projected expenditures and activities for twelve months. Withdrawal applications will be submitted to the Bank every six months to document funds disbursed and to request a new advance to cover an amount representing UNOPS' good faith projection of the expenditures for the following nine months, up to the project's closing date. Withdrawal applications will reconcile against amounts previously withdrawn against the project budget.

85. UNOPS will receive grant proceeds into a centralized corporate account, and will then allocate funds to the project. It will start implementation by transferring funds to its local accounts in Yemen and/or it will pay from any of its accounts externally depending on the contracts. The local accounts will be maintained by UNOPS' Yemen Office and will be replenished on a regular basis. To mitigate potential challenges associated with using the local banking system, UNOPS has established an additional payment mechanism whereby it would use cash suppliers to make payments in the country.



86. **Retroactive Financing.** The project may finance an amount of up to US\$2 million starting from August 15, 2017 for: i) the preparation of activities supported under the project (including but not limited to bills of quantity, detailed design, and bidding documents); and ii) the eligible expenditure for operating costs arising from the establishment of UNOPS' operational presence in Yemen for project implementation.

D. Procurement

87. Since OP 2.30 was triggered for Yemen, UNOPS will follow its own procurement procedures as Alternative Procurement Arrangements allowed by the World Bank's new Procurement Framework Policy Section III.F. UNOPS' procurement procedures were assessed and found acceptable to the World Bank under other agreements. This implementation arrangement is recommended under the Project Procurement Strategy for Development. This procurement arrangement is considered a fit-for-purpose arrangement for several reasons:

- (a) The procurement activities proposed under this project are within the mandate of UNOPS. It uses the same implementation mechanism as applied in other countries, such as Iraq and Afghanistan;
- (b) The implementation arrangement is flexible and may rely on the capacity of local partners (PWP, RMF-IU, UW-PMU) for activities under a threshold as prescribed by UNOPS;
- (c) UNOPS has preparedness and mobilization mechanisms in place, which enable optimal emergency procurement;
- (d) UNOPS's procurement arrangements provide reasonable assurance that the World Bank's financing will be used for the intended purpose; and
- (e) UNOPS has an extensive pool of framework agreements with pre-qualified suppliers in place ("Long-Term Agreements") that can be tapped into for promptly placing the purchase orders for the Goods' items.

88. **Procurement Management.** UNOPS will have a procurement team within its office in Sana'a. It will be led by an experienced international procurement specialist who will oversee 3-4 national procurement experts to carry out day-to-day implementation of procurement activities. Procurement decision authority is vested with the country-based program manager. The UNOPS Regional Director approves awards of contracts above US\$ 250,000 equivalent. Awards decisions above US\$1 million equivalent will be reviewed by the Procurement Committee at UNOPS Headquarters. The Committee has virtual reviews twice a week. The Regional Director can request an ad-hoc meeting in the case of critical, time-sensitive procurement. If purchase orders are placed against the existing Long-Term Agreements with UNOPS' suppliers, no reviews by the Committee are required.

89. **Prior Review Threshold.** Since UNOPS is a UN system organization and will follow its own procurement framework, no contract will be subject to prior or post review. Verification of the deliverables and physical completion of infrastructure contracts is part of the TPM arrangements set up for the project.



E. Social (including Safeguards)

90. **Social benefits, risks and impacts.** The proposed project will have broad social benefits since it will finance small-scale economic and social infrastructures identified by the communities, and improve access to basic social services in the selected cities as detailed in Section II. D. The key social challenges would be associated with the community's participation in the identification and implementation of the priority activities to be financed by the project due to the conflict context and security constraints. The project will not involve any land acquisition and/or physical resettlement as it will support the rehabilitation and reconstruction of damaged infrastructures, and all activities are planned to take place on existing footprints. However, project activities may have an impact on livelihoods, mainly to informal businesses and waste pickers on landfill sites, which will be compensated for the loss of their income. If there are encroachers or squatters within the location or proposed area of any activities who need to be relocated, the activities will not be implemented. For these reasons, the Bank Policy on Involuntary Resettlement OP 4.12 is applied for precautionary purposes to the entire project. As the project is prepared under the provisions of paragraph 12, Section III of the Bank Policy, Investment Project Financing, a Safeguards Action Plan (SAP) has been developed (see Annex 2). Accordingly, a Resettlement Policy Framework (RPF) will be prepared within sixty days of project effectiveness to cover the entire scope of potential investments. The RPF will outline the principles and procedures for compensation and resettlement requirements and the guidelines for the preparation of resettlement action plans, if needed.

91. **Consultations.** Public consultations are a significant challenge in FCV contexts like Yemen. The alternative approach is to consider individual interviews and meetings to be carried out in safe places using limited questionnaires. The consultant who will prepare the RPF will conduct meetings with the implementing agency (UNOPS), key stakeholders in the four main sectors (tertiary municipal services and solid waste management, water and sanitation, electricity for critical services, urban roads) and the communities. The objective of the meetings with communities will be to identify key issues and determine how concerns of all parties will be addressed. Meetings with female beneficiaries will be carried out by a female consultant.

92. **GRM.** UNOPS will establish a unit in its Sana'a Office to handle project activity-related complaints with one to two dedicated focal points. Multiple access points (telephone, complaint box, website, email, text message, etc.) should be provided so that beneficiaries will have different ways to voice their concerns. The contact information of the GRM focal point(s) will be posted in local language at the local level. The UNOPS Program Manager will have the overall responsibility to address concerns brought to the attention of the focal points regarding any environmental and/or social impacts due to project activities. Complaints received by UNOPS shall be registered, tracked, investigated and promptly resolved. Copies of complaints shall be recorded in the activity files and the progress reports, including the number and type of complaints and the results of their resolution.

F. Environment (including Safeguards)

93. **Environment Category.** Per the OP 4.01 on Environmental Assessment, this project is classified as Environmental Category "B". The safeguard instruments for this project are deferred per the emergency procedures defined by paragraph 12, Section III of the Bank Policy, Investment Project Financing. The preparation of the Environmental and Social Management Framework (ESMF) is deferred to the implementation phase. A SAP was developed to provide a detailed timetable with sequential steps for



preparing the relevant safeguards instruments (see Annex 2).

94. **Preparation of ESMF.** Potential environmental impacts of the activities (as per section II.D) are expected to be site-specific, limited, reversible, and mitigatable. To ensure the proper management of potential environmental impacts from the project activities, an ESMF will be prepared, consulted on, and disclosed in country and on the World Bank's external website. The ESMF will recommend specific mitigation measures for potential environmental impacts from project activities, particularly during the first-year work program. The ESMF will include a checklist against which each activity – including those that might be supported by the CERC – will be screened. Accordingly, a subsequent environmental and social assessment instrument will be prepared and implemented, if required, before the commencement of any physical activities. Before the approval of any proposed activity for solid waste collection or disposal, a site suitability assessment will be prepared to evaluate the status of the landfill and confirm availability of minimally required environmental and social mitigation measures. If needed, the assessment will recommend remedial activities that can be implemented to address existing deficiencies to allow the landfill to be used under the project.

95. **UNOPS and Local Partners' Safeguard Procedures.** UNOPS has Environmental, Health and Safety (EHS) procedures and practices that include: (a) a Project Health and Safety Plan (PHSP), which is a management framework to ensure safer construction practices and to prevent dangerous acts that could lead to accidents on site; (b) standard contracts to which the PHSP is attached as an integral part; and (c) training programs for on-site staff on EHS aspects before projects begin. Furthermore, UNOPS' local partners (PWP, RMF-IU and UW-PMU) have track records of successful implementation of safeguards requirements and compliance with World Bank policies. These management units have retained their safeguard capacities and functionality despite the ongoing conflict.

96. **Management of Project Specific Safeguard Aspects.** To ensure the proper management of safeguards aspects under the project, UNOPS will deploy a permanent environmental and social officer in the Sana'a office. The officer will be supported by an international expert who will be available on an as-needed basis to oversee the overall implementation, monitoring, and reporting of safeguards aspects. In addition, each local partner will have a safeguards focal point for ensuring on-site compliance with environmental and social mitigation measures and health and safety requirements. Reporting on compliance with the ESMF and RPF, and subsequent environmental and social instruments, will be monitored through regular progress reports that will be prepared by UNOPS and shared with the World Bank. Reporting on safeguards implementation will also be incorporated in the scope of the TPM.

G. Waiver of Specific Operational Policies

97. **Waiver of Application of the Anti-Corruption Guidelines to UN Agencies and Waiver of IDA Commitment Charge.** The project will follow Bank operational policies and procedures for Investment Project Financing. To facilitate implementation of the project by UNOPS as recipient and implementing agency of the project, the Board is requested to approve two policy waivers:

- (a) **Waiver of paragraph 20 of BP10.00 on application of the World Bank's Anti-Corruption Guidelines to UN Agencies.** To facilitate the implementation of the project by UNOPS, specifically in terms of the due diligence and monitoring of fraud and corruption, it is proposed to allow UNOPS to use the UN agencies' procedures for fraud and corruption, instead of the Bank's Anti-Corruption Guidelines.



UNOPS is uniquely placed to carry out project activities in Yemen, and there is no practical alternative in view of the project's design and focus. The Bank would consequently not have jurisdiction to sanction parties that engage in fraud and corruption in connection with the project, although the Bank would apply its suspension and debarment list to the project for eligibility purposes. The Bank will reserve its right to investigate parties other than the UN agencies (e.g. suppliers), but the Bank would not benefit from formal "third party audit rights" embedded in downstream contracts with suppliers and other third parties.

(b) Waiver of any application of the IDA Commitment Charge to UNOPS during the life of the project.

In accordance with Section 3.01 of the IDA General Conditions for Credits and Grants, the Board reviews and sets the Commitment Charge on unwithdrawn financing balances on an annual basis. The IDA Policy, IDA Commitment Charge for FY18, issued and effective July 1, 2017, sets the Commitment Charge for FY18 at zero percent. Given that the current Commitment Charge is zero percent, the financial impact of this proposed waiver is expected to be negligible.

H. World Bank Grievance Redress

98. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Yemen, Republic of
Yemen Integrated Urban Services Emergency Project

Project Development Objectives

To restore access to critical urban services in selected cities within the Republic of Yemen.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Beneficiaries with restored access to critical urban services		Number	0.00	1400000.00	Bi Annual	Individual reports and estimations of all sub projects.	UNOPS
Of which female beneficiaries		Percentage	0.00	49.50			

Description: This indicator measures the total number of beneficiaries of roads, municipal services, water and sanitation, and energy rehabilitation works. When aggregating the number of beneficiaries across the various project activities, the team will ensure that there is no double counting.



Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
Name: Tertiary municipal services activities implemented		Number	0.00	90.00	Quarterly	PWP report	UNOPS/PWP/TPM
Description: This indicator measures the number of tertiary municipal subprojects (solid waste management, road paving, neighborhood sanitation, parks and green spaces, rainwater drainage) implemented.							
Name: People provided access to rehabilitated water and sanitation services		Number	0.00	600000.00	Quarterly	Estimation based on population in catchment area of outputs	UNOPS/Urban Water PMU/TPM
Description: This indicator measures the total number of beneficiaries in the catchment area of rehabilitated water and sanitation services.							
Name: Roads rehabilitated	✓	Kilometers	0.00	400.00	Quarterly	Onsite verification of outputs	UNOPS/RMF-PIU/TPM
Description:							
Name: Energy generation supported through the Project		Megawatt hour(MWh)	0.00	60000.00	Quarterly	Onsite verification reports	UNOPS/TPM



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection
<p>Description: This indicator measures the energy capacity supported by the project, for both existing and newly installed generation capacity. Generation capacity may include conventional and renewable energy.</p>							
Name: Cities in which beneficiary consultation informed activity prioritization		Number	0.00	10.00	Annual	Progress Reports from TPM	TPM
Activities informed by women's participation in beneficiary consultations		Percentage	0.00	30.00			
<p>Description: This indicator measures the number of cities in which beneficiary consultation informed subproject prioritization.</p>							
Name: Percentage of project financing executed by local contractors or suppliers		Percentage	0.00	60.00	Every six months	Expenditure tracking system	UNOPS
<p>Description: This indicator measures the percentage of project financing for works and supplies under Component 1 executed by local contractors or local suppliers</p>							
Name: Person-days of temporary employment created under the Project		Number	0.00	1500000.00	Every six months	Administrative data, progress reports	UNOPS, RMF-IU, PWP
<p>Description: This indicator measures the number of days of temporary employment generated by labor-intensive roads and tertiary municipal services interventions under this Project.</p>							



Indicator Name	Core	Unit of Measure	Baseline	End Target	Frequency	Data Source/Methodology	Responsibility for Data Collection

**Target Values****Project Development Objective Indicators**

Indicator Name	Baseline	YR1	YR2	YR3	End Target
Beneficiaries with restored access to critical urban services	0.00	300000.00	800000.00	1400000.00	1400000.00
Of which female beneficiaries	0.00	49.50	49.50	49.50	49.50

Intermediate Results Indicators

Indicator Name	Baseline	YR1	YR2	YR3	End Target
Tertiary municipal services activities implemented	0.00	30.00	60.00	90.00	90.00
People provided access to rehabilitated water and sanitation services	0.00	135000.00	350000.00	600000.00	600000.00
Roads rehabilitated	0.00	150.00	300.00	400.00	400.00
Energy generation supported through the Project	0.00	20000.00	40000.00	60000.00	60000.00
Cities in which beneficiary consultation informed activity prioritization	0.00	5.00	8.00	10.00	10.00
Activities informed by women's participation in beneficiary consultations	0.00	0.00	30.00	30.00	30.00



Indicator Name	Baseline	YR1	YR2	YR3	End Target
Percentage of project financing executed by local contractors or suppliers	0.00	60.00	60.00	60.00	60.00
Person-days of temporary employment created under the Project	0.00	500000.00	1000000.00	1500000.00	1500000.00



Annex 1: Safeguards Action Plan

I. Background

1. Paragraph 12, Section III of the Bank Policy, Investment Project Financing requires the preparation of an action plan as part of the project documents addressing the application of environmental and social policies. The goal of the action plan is to provide guidance on how the project manages safeguards risks during project implementation. The content of the Safeguards Action Plan is dictated by the dual objective of ensuring that there is a legally binding roadmap for safeguards compliance during project implementation and providing clear guidance on the types of actions and instruments required so as to facilitate speedy implementation of emergency services.

II. Objectives

2. The objective of the SAP is to provide a time-bound plan to ensure that: (a) the project's activities-related Environmental and Social (E&S) assessment and management instruments and processes will comply with the national legislation of Yemen as well as the World Bank's operational safeguards policies; and (b) these instruments and processes are duly and diligently implemented in a logical sequence with the environmentally and socially relevant project activities. This means that, as a general principle, E&S assessments and instruments should be completed, disclosed and consulted on before (a) project-funded activities with relevant E&S footprints may commence; and (b) in case of more complex or large-scale activities, before designs are finalized and contracts awarded.

III. Project Scope and Context

3. The scope of the Yemen Integrated Urban Services Emergency Project (P164190) is described in detail in the Project Appraisal Document in Section III. The proposed Project will support interventions that aim to restore critical services in selected Yemeni cities across the following sectors: tertiary municipal services and solid waste management;¹⁷ water and sanitation; urban roads; electricity for critical services; and housing.¹⁸

4. **Country Context:** The proposed project is being processed under paragraph 12, Section III of the Bank Policy, Investment Project Financing (Projects in Situations of Urgent Need of Assistance or Capacity Constraints), given the instability and violence currently affecting the Republic of Yemen (RoY). Since March 2015, Yemen descended into a full-fledged military conflict concentrated in its main cities that has caused major loss of life, internal displacement, destruction of infrastructure and disruptions in service delivery across the country's main sectors. By August 2017, United Nations (UN) agencies noted that health facilities reported at least 5,000 people killed and more than 8,000 injured. Half of the country's 26.8 million population resides in areas directly affected by the conflict. More than two million Yemenis

¹⁷ Activities related to solid waste management are pending on forthcoming site suitability assessments for the landfills in the project cities.

¹⁸ The housing subcomponent would only include technical assistance and preparatory work necessary for future investments in the sector.



have been internally displaced. Food insecurity affects some 17 million people, including seven million people who are severely food insecure. Two million children are acutely malnourished, in addition to 385,000 children under the age of five who are severely acutely malnourished. Nearly 15 million people are unable to access basic healthcare. Since the start of the conflict, the provision of public services, such as electricity and water, has come to a virtual standstill. Due to the resulting lack of access to reliable water supply and uncollected garbage, Yemen is confronted with a severe outbreak of cholera. By September 2017, the World Health Organization (WHO) has reported over 600,000 cases of cholera and more than 2,000 associated deaths across 21 of 23 governorates.

IV. Compliance with World Bank Safeguards Policies

5. Considering the nature and magnitude of potential environmental impacts from relatively small-scale rehabilitation works, the proposed project is classified as category 'B'. Activities supported by the project are expected to have certain site-specific adverse environmental and social impacts. This SAP has been developed specifically for these proposed activities to ensure due diligence and consistent treatment of environmental and social issues by the implementing agency, the United Nations Office for Project Services (UNOPS), and its local partners. The purpose of the SAP is also to assist UNOPS in screening all its subprojects for their likely environmental and social impacts, identifying E&S management requirements, and prioritizing the investments. The proposed activities during the first year of project implementation are not expected to entail involuntary taking of land resulting in (i) relocation or loss of shelter, (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether the affected persons must move to another location or not. However, over the course of project implementation, any of the mentioned safeguard impacts may occur for any project activity. Accordingly, the World Bank's policy on Environmental Assessment (OP/BP 4.01) and the policy on Involuntary Resettlement (OP/BP 4.12) are triggered for this Project. No category "A" activities are eligible for project funding.

6. As an emergency operation, the requirement to carry out an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) to guide the preparation of further safeguards documents - such as an Environmental and Social Impact Assessment (ESIA), site specific Environmental and Social Management Plans (ESMPs) and Resettlement Action Plans (RAPs) - has been deferred until the start of project implementation. Prior to activity-level appraisal, UNOPS will apply the following minimum standards during implementation: inclusion of standard environmental codes of practice (ECOPs) in the bid documents of all components and subcomponents; review and oversight of any major reconstruction works by specialists; implementation of environmentally and socially sound options for disposal of debris; and provisions for adequate budget and satisfactory institutional arrangements for monitoring effective implementation.

7. For all project activities that may include civil works, a social and environmental safeguards screening tool, as part of the ESMF, will be developed and applied, along with the specific activity-level instruments that will be necessary to cover both environmental and social aspects, including activity-level ESIA, site-specific ESMPs and RAPs. Additional measures will support the implementation, monitoring, and compliance to the ESMF and RPF, including: (a) deployment of environmental and social officers at central and sub-sector levels ; (b) regular progress reporting that will include reporting on implementation of environmental and social requirements and mitigation measures of site specific ESMPs and RAPs; (c) Third Party Monitoring that will report on the compliance with safeguards requirements and on the



implementation of environmental and social mitigation measures; and (d) project supervision missions by the World Bank that will include environmental and social implementation experts.

8. **OP 4.01 Environmental Assessment.** The proposed project will support the rehabilitation and restoration of existing infrastructure and services. The work in these areas will be implemented in accordance with OP 4.01 requirements, and it is not anticipated that OP 4.04, OP 4.10, OP 4.11, OP4.37 and OP 7.50 would be triggered.

9. **OP 4.12 Involuntary Resettlement.** The project will not involve any land acquisition or physical resettlement as it will support the rehabilitation and reconstruction of damaged infrastructure, and all activities are planned to take place on existing footprints. However, project activities may have an impact on livelihoods, mainly to informal businesses and waste pickers on landfill sites, which will be compensated for the loss of their income. If there are encroachers or squatters within the location or proposed area of any activities who need to be relocated, the activities will not be implemented. Bank Policy on Involuntary Resettlement OP 4.12 is applied for precautionary purposes to the entire project.

10. **OP 4.11 Physical Cultural Resources.** Since the proposed project will not entail new construction and focus only on rehabilitation and the improvement of existing services and infrastructure, any damage of physical cultural resources is not expected to take place.

11. **OP 4.37 Safety of Dams.** The proposed project does not include construction or rehabilitation of any dams, or carry out activities that may be affected by the operation of an existing dam. Therefore, this OP would not be triggered.

12. **OP 7.50 Projects on International Waterways.** The proposed project does not include any activities that would trigger this OP.

V. Sequencing and Tentative Implementation Schedule for Safeguards Processing

13. The implementing agency (UNOPS) has agreed to apply the following minimum standards during implementation: (a) inclusion of standard Environmental Codes of Practice (ECOP) in the bid documents for rehabilitation, improvement, and reconstruction activities for all project activities; (b) review and oversight of any major reconstruction works by specialists; (c) implementation of environmentally and socially sound options for management and disposal of any hazardous waste (e.g. debris or drain spoils, oil-contaminated soils or rubble, etc.); and (d) provisions for adequate and satisfactory budget and institutional arrangements for monitoring effective implementation.

14. The time-bound deployment of the safeguards instruments will help to manage and mitigate the potential adverse impacts of the project:

- a. **During project preparation:** A conceptual approach and the Terms of Reference (TORs) for an ESMF and a RPF were prepared and shared with UNOPS in order to swiftly initiate the preparation of these safeguards instruments before the project's effectiveness.
- b. **Within sixty days of project effectiveness:** The ESMF and the RPF will be prepared and disclosed, and will become the overarching safeguards document governing approach, processes and specific



instruments for project activities. The ESMF will cover the following topics: (a) scope of project activities; (b) typologies of expected impacts, as well as magnitudes and durations; (c) types of E&S assessment/management instruments including the range of mitigation measures tailored to the identified activity/impact typologies; particularly for the first year works program; (d) methodology for activity-level E&S screening, classification and allocation of specific E&S instruments; (e) review of relevant institutions, key players, roles and responsibilities and administrative processes; (f) capacity analysis and training requirements; (g) update of cost estimates for E&S management measures; (h) grievance redress mechanism; (i) Consultation; and (j) arrangements for monitoring and evaluation. The ESMF will also contain a positive and negative list of eligible and non-eligible project activities. No project activities that present environmental and/or social risks and impacts can be implemented prior to the preparation of E&S instruments (e.g. site-specific ESMPs) for that activity. The RPF will cover the following topics: (a) project description and rationale for RPF; (b) objectives and key principles; (c) legal frameworks and gaps between Yemeni law and WB policy; (d) eligibility criteria for affected persons; (e) methods of valuation and compensation; (f) institutional arrangements for resettlement planning and implementation for the preparation of RAPs and delivering entitlements where each sector will have its own arrangements independently; (g) stakeholder consultations; (h) GRM; (i) resettlement cost, budget and funding; and (j) monitoring and evaluation. The project will not involve any land acquisition as it supports the rehabilitation and reconstruction of damaged infrastructures and all activities are planned to take place on existing footprints. However, potential resettlement impacts are expected to be on livelihoods and mainly to informal businesses and potentially encroachers or squatters. No child labor between the age (14-18) or forced labor is allowed for any subproject according to Yemen's Labor Law.

- c. ***During implementation:*** The implementation period will include continuous development of E&S management instruments for the expected interventions mentioned in Section III of the SAP and in more detail in Section II of the PAD. For the expected scope of activities, comprehensive ESIA's will most likely not be required since the project will only finance the repair and rehabilitation of pre-existing structures and installations. The expected typologies of repair and rehabilitation would mostly require simple, checklist-type ESMPs that would become part of the works contracts, define the E&S standards and compliance mechanisms, and serve as a contractual basis for supervision and enforcement of good E&S practice during the works. No project activities are expected to require ESIA's or resettlement; nevertheless, a screening mechanism will be included in the ESMF.

15. **Preparation time for safeguards instruments.** The preparation of the ESMF and the RPF is expected to be completed, reviewed, cleared, and disclosed in country and on the World Bank's external website within 60 days from project effectiveness. The preparation of limited, site-specific ESMPs, if needed, will require between one and three months, including the World Bank review and approval, disclosure, consultations and finalization.

16. **Consultations and Disclosure.** The ESMF and RPF (including the translated summary of the ESMF and the fully translated document of the RPF) will be disclosed in-country and on the Bank's external website after the World Bank review as final draft versions for a period of no less than 30 days during which UNOPS will conduct consultations for the affected stakeholders. Public consultations are a significant challenge in FCV contexts like Yemen. The alternative approach is to consider individual interviews and meetings to be carried out in safe places using limited questionnaires. The consultant who will prepare the RPF will conduct meetings with the implementing agency (UNOPS), key stakeholders in



the four main sectors (tertiary municipal services and solid waste management, water and sanitation, electricity for critical services, urban roads) and the communities. The objective of the meetings with communities is to identify key issues and determine how concerns of all parties will be addressed. Interviews with female beneficiaries will be conducted by a female consultant.

17. **Implementation of safeguards instruments.** After finalization of the site-specific ESIA or ESMPs, if needed, no further safeguards instruments will be required. No tender package will be issued without an attached ESMP and no contract signed without respective clauses obliging the contractor to the ESMP's use and implementation.

18. **Implementation Monitoring:** The monitoring of safeguards compliance will be carried out during project implementation. UNOPS will deploy a permanent environmental and social officer at the central level, supported by an international expert, to oversee the overall implementation, monitoring and reporting of safeguards aspects. In addition, each local partner will have a safeguards focal point to ensure on-site compliance with environmental and social mitigation measures and health and safety requirements for the various project activities. UNOPS will prepare and share with the World Bank regular monitoring reports on compliance with the ESMF and RPF and subsequent environmental and social instruments. The project will also engage a Third Party Monitoring (TPM) agent that will monitor safeguards aspects and report on the compliance with safeguards requirements and on the implementation of environmental and social mitigation measures.

VI. Consultation and Disclosure

19. This SAP is subject to public disclosure as part of the Project Appraisal Document (PAD). The SAP will be shared with the relevant implementing agency and concerned governmental and nongovernmental organizations in Yemen. In addition, the SAP will be disclosed both in-country (in the appropriate communication channels and on the UNOPS webpage) as well as on the World Bank's external website during project preparation.

20. During the project's first year of implementation, the ESMF and RPF will be prepared and consulted upon as described above. Prior to the commencement of any civil works, checklists or site-specific ESIA or ESMPs -if needed- will be prepared and consulted upon with the project-affected groups and local nongovernmental organizations on the project's environmental and social aspects, taking stakeholders' views into account. UNOPS will initiate these consultations as early as possible and will, in a timely manner prior to consultation, provide relevant material in both form and language that are understandable and accessible to the groups being consulted with. As described above, given the ongoing conflict, consultations will take the form of individual interviews and/or meetings to be carried out in safe places using limited questionnaires.

VII. Roles and Responsibilities

21. UNOPS is responsible for the implementation of the above described safeguards instruments and processes, including for compliance with national environmental regulations, as well as the World Bank E&S safeguard policies. UNOPS will be staffed with a qualified permanent environmental and social officer at the central level, supported by an international expert, to oversee the overall implementation, monitoring and reporting of safeguards aspects. In addition, each subsector/PMU will have a safeguards focal point for ensuring on-site compliance with environmental and social mitigation measures and health



and safety requirements at subproject level. UNOPS' local partners have a track record of successful implementation of safeguards requirements and compliance with the World Bank safeguards policies; these management units have retained their capacity and functionality despite the current conflict.

22. UNOPS will be responsible for ensuring the timely commencement of the preparation of ESMF, RPF and site-specific ESIA and ESMPs, as needed. The implementing agency will also ensure that no contracts for works that have physical impacts are signed, or rehabilitation activities are started without the required safeguards instruments in place.

23. The World Bank task team will review TORs as well as the ESMF, RPF and site-specific safeguards instruments to ensure that their scope and quality are satisfactory to the Bank. In addition, UNOPS will review tender documents and construction contracts regarding due consideration of the safeguards instruments, and the inclusion of effective and enforceable contractual clauses. Finally, the task team will monitor the implementation of the different prepared instruments through regular supervision missions (which will include an environmental and/or social specialist).

VIII. Estimated Costs for Safeguards Preparation and Implementation Process

24. The cost of preparing the required safeguards instruments is estimated to be about US\$10,000 for the ESMF; US\$8,000 for the RPF; and about US\$25,000 for the subsequent safeguards instruments¹⁹ over the project's implementation period.

25. The implementation of ESMPs is expected to cost only a small fraction of design and construction, as most mitigation measures will be very generic, off-the-shelf, and implementable without specialized skills, experience, or equipment. Assuming a proportion of about 0.2 percent for every US\$1 million spent on rehabilitation and reconstruction, an estimated amount of US\$400,000 would be spent for environmental mitigation and management measures.

IX. Safeguard Screening and Mitigation

26. The selection, design, contracting, monitoring and evaluation of the project activities will be consistent with the following guidelines, codes of practice and requirements. The safeguard screening and mitigation process includes the following:

- A list of negative characteristics rendering a proposed intervention ineligible for support, Table 1;
- A proposed checklist of likely environment and social impacts to be filled out for each intervention or group of interventions, Table 2.

¹⁹ Assuming ca. 10 ESMPs/RAPs, at US\$ 2,500 per document.



Table 1

List of Negative Attributes

Subcomponent and activities with any of the attributes listed below will be ineligible for support under the proposed project.

Attributes of Ineligible Activities
GENERAL CHARACTERISTICS
Concerning significant conversion or degradation of critical natural habitats.
Damages cultural property, including but not limited to, any activities that affect the following sites: <ul style="list-style-type: none"> • Archaeological and historical sites; and • Religious monuments, structures and cemeteries.
Requiring pesticides that fall in WHO classes IA, IB, or II.
Solid Waste New disposal site
Irrigation Construction of new or the expansion of existing irrigation and drainage schemes.
Income Generating Activities Activities involving the use of fuelwood, including trees and bush. Activities involving the use of hazardous substances.



Table 2

Checklist of Possible Environmental and Social Impacts of Project Activities

I. Subcomponent Related Issues

S No	ISSUES	YES	NO	Comments
A.	Zoning and Land Use Planning			
1.	Will the activity affect land use zoning and planning or conflict with prevalent land use patterns?			
2.	Will the activity involve significant land disturbance or site clearance?			
3.	Will the activity land be subject to potential encroachment by urban or industrial use or located in an area intended for urban or industrial development?			
B.	Utilities and Facilities			
4.	Will the activity require the setting up of ancillary production facilities?			
5.	Will the activity require significant levels of accommodation or service amenities to support the workforce during construction (e.g., contractor will need more than 20 workers)?			
C	Water and Soil Contamination			
6.	Will the activity require large amounts of raw materials or construction materials?			
7.	Will the activity generate large amounts of residual wastes, construction material waste, or cause soil erosion?			
8.	Will the activity result in potential soil or water contamination (e.g., from oil, grease and fuel from equipment yards)?			
9.	Will the activity lead to contamination of ground and surface waters by herbicides for vegetation control and chemicals (e.g., calcium chloride) for dust control?			
10.	Will the activity lead to an increase in suspended sediments in streams affected by road cut erosion, decline in water quality, and increased sedimentation downstream?			
11.	Will the activity involve the use of chemicals or solvents?			
12.	Will the activity lead to the destruction of vegetation and soil in the right-of-way, borrow pits, waste dumps, and equipment yards?			
13.	Will the activity lead to the creation of stagnant water bodies in borrow pits, quarries, etc., encouraging for mosquito breeding and other disease vectors?			
D.	Noise and Air Pollution Hazardous Substances			
14.	Will the activity increase the levels of harmful air emissions?			
15.	Will the activity increase ambient noise levels?			
16.	Will the activity involve the storage, handling or transport of hazardous substances?			



E.	Fauna and Flora			
18.	Will the activity involve the disturbance or modification of existing drainage channels (rivers, canals) or surface water bodies (wetlands, marshes)?			
19.	Will the activity lead to the destruction or damage of terrestrial or aquatic ecosystems or endangered species directly or by induced development?			
20.	Will the activity lead to the disruption/destruction of wildlife through interruption of migratory routes, disturbance of wildlife habitats, and noise-related problems?			
F.	Destruction/Disruption of Land and Vegetation			
21.	Will the activity lead to unplanned use of the infrastructure being developed?			
22.	Will the activity lead to long-term or semi-permanent destruction of soils in cleared areas not suited for agriculture?			
23.	Will the activity lead to the interruption of subsoil and overland drainage patterns (in areas of cuts and fills)?			
24.	Will the activity lead to landslides, slumps, slips and other mass movements in road cuts?			
25.	Will the activity lead to erosion of lands below the roadbed receiving concentrated outflow carried by covered or open drains?			
26.	Will the activity lead to long-term or semi-permanent destruction of soils in cleared areas not suited for agriculture?			
27.	Will the activity lead to health hazards and interference of plant growth adjacent to roads by dust raised and blown by vehicles?			
G.	Cultural Property			
28.	Will the activity have an impact on archaeological or historical sites, including historic urban areas?			
29.	Will the activity have an impact on religious monuments, structures and/or cemeteries?			
30.	Have Chance Finds procedures been prepared for use in the subproject?			
H.	Expropriation and Social Disturbance			
31.	Will the activity involve land expropriation or demolition of existing structures?			
32.	Will the activity lead to induced settlements by workers and others causing social and economic disruption?			
33.	Will the activity lead to environmental and social disturbance by construction camps?			



II. Site Characteristics

S. No.	ISSUES	YES	NO	Comments
1.	Is the activity located in an area with designated natural reserves?			
2.	Is the activity located in an area with unique natural features?			
3.	Is the activity located in an area with endangered or conservation-worthy ecosystems, fauna, or flora?			
4.	Is the activity located in an area falling within 500 meters of national forests, protected areas, wilderness areas, wetlands, biodiversity, critical habitats, or sites of historical or cultural importance?			
5.	Is the activity located in an area which would create a barrier for the movement of conservation-worthy wildlife or livestock?			
6.	Is the activity located close to groundwater sources, surface water bodies, water courses or wetlands?			
7.	Is the activity located in an area with designated cultural properties such as archaeological, historical and/or religious sites?			
8.	Is the activity in an area with religious monuments, structures and/or cemeteries?			
9.	Is the activity in a polluted or contaminated area?			
10.	Is the activity located in an area of high visual and landscape quality?			
11.	Is the activity located in an area susceptible to landslides or erosion?			
12.	Is the activity located in an area of seismic faults?			
13.	Is the activity located in a densely populated area?			
14.	Is the activity located on prime agricultural land?			
15.	Is the activity located in an area of tourist importance?			
16.	Is the activity located near a waste dump?			
17.	Does the activity have access to potable water?			
18.	Is the activity located far (1-2 kms) from accessible roads?			
19.	Is the activity located in an area with a wastewater network?			
20.	Is the activity located in the urban plan of the city?			
21.	Is the activity located outside the land use plan?			

Signed by Environment Specialist:

Name: _____

Title: _____

Date: _____

Signed by Project Manager:

Name: _____

Title: _____

Date: _____