



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 31-Mar-2021 | Report No: PIDA31193

**BASIC INFORMATION****A. Basic Project Data**

Country Yemen, Republic of	Project ID P176129	Project Name Yemen Food Security Response and Resilience Project	Parent Project ID (if any)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 18-Mar-2021	Estimated Board Date 27-Apr-2021	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) United Nations Development Programme, World Food Programme, Food and Agriculture Organization	Implementing Agency World Food Programme, Food and Agriculture Organization, United Nations Development Programme	

Proposed Development Objective(s)

The Project Development Objective is to improve the availability of and access to food and nutritious diets, both in the short and medium term, for targeted households in the Project Area, and to enhance Yemen's capacity to respond to food insecurity.

Components

Improving household incomes through CFW for agricultural production infrastructure and building climate resilience
Increasing Production and Sale of Nutritious Crop, Livestock and Fish Products
Improving the Nutritional Status of Vulnerable Rural Households
Capacity building for food security management and climate resilience
Project Management and Knowledge Management

The processing of this project is applying the policy requirements exceptions for situations of urgent need of assistance or capacity constraints that are outlined in OP 10.00, paragraph 12.

Yes

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

Total Project Cost	127.00
Total Financing	127.00
of which IBRD/IDA	100.00



Financing Gap	0.00
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DETAILS

World Bank Group Financing

International Development Association (IDA)	100.00
IDA Grant	100.00

Non-World Bank Group Financing

Trust Funds	27.00
Global Agriculture and Food Security Program	27.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Violent conflict, now in its seventh year, has crippled Yemen's economy and created an unprecedented humanitarian crisis.** Oil exports, the main source of government revenue and foreign exchange, came to a virtual halt in 2015 due to repeated sabotage of vital infrastructure and increased insecurity. The resulting wide-scale suspension of basic public services and civil service salary payments, rapid currency depreciation, and shortages of imported goods weakened the non-hydrocarbon sector and left many Yemenis without a regular income. More than 50 percent of Yemenis between the ages of 18 and 24 were unemployed in 2017 (United Nations Development Program 2017). A liquidity crisis hit the country in mid- to late-2018 with the local currency depreciating significantly and food prices rising, making food virtually unaffordable to many households. External assistance financed imports of food and other necessities and helped stabilize the economy in 2019 but was largely depleted by early 2020 and foreign reserves were not replenished. Some respite was provided through IMF financing in late spring and summer of 2020.

2. **The macroeconomic policy environment differs spatially due to the bifurcation of administration between areas of control.** In the areas controlled by the internationally recognized



government (IRG), significant revenue underperformance and continued monetization of the fiscal deficit have undermined macroeconomic stability. Oil prices remain low, eroding the government's hydrocarbon revenue. Non-oil economic activity has suffered significantly from COVID-19 related trade slowdown, desert locust outbreaks and exceptionally heavy rainfalls, which have caused intense flooding, infrastructure damage and human casualties in 2020. The severe revenue shortfall has led to expenditure compression. Since early 2020, salary payments to public sector workers have seen frequent delays. Payables to suppliers (mostly to energy suppliers) have continued building up, disrupting fuel imports and electricity supply. The complete ban on using new banknotes since December 2019^[1] has resulted in two exchange rates, complicating trade and financial flows across Yemen. The DFA's fiscal policy operates under a cash-constrained budget. The collection of corporate profit and sales taxes and customs revenue, the three largest revenue sources, was affected negatively by COVID-19 related trade slowdown and movement restrictions, and administrative disruption caused by flooding. In 2020, the DFA disbursed half-month salaries to public sector workers under its controlled areas every other month¹.

3. **Over 24 million people (or 83 percent of the total estimated population) are food insecure², including a staggering 16.2 million people in IPC Phase 3+ requiring urgent emergency assistance. Food insecurity in Yemen is driven by constrained food production, supply and distribution and households' diminishing purchasing power.** An estimated 4.3 million people have fled their homes since the start of the conflict, and 3.3 million remain internally displaced. Hunger, food insecurity and malnutrition are among the most pressing and overwhelming challenges Yemen now faces, at a scale that is not being fully met by national authorities and the international development and humanitarian communities. Low food access has resulted from a combination a high household dependence on food imports, high food prices and significantly reduced household income. It is estimated that Yemen imported 8 percent less wheat per month between January and May 2020 than during the same period in 2019 due to limited funds, which is an insufficient imported amount of wheat to meet the 2020 consumption requirement.

4. **Socio-economic conditions deteriorated further in 2020, significantly worsening poverty.** Distortions created by the fragmented institutional capacity and the divergent policy decisions between the areas of control have compounded the economic and humanitarian crisis. This dramatic deterioration of conditions in Yemen means that an estimated 80 percent of the population (around 24 million) were living below the poverty line even before COVID-19 pandemic crisis (World Bank 2019). The likely result based on anecdotal evidence is a contraction of the economy from an already low base in 2020. In addition to monetary poverty, it is estimated that up to 80 percent of households experience overlapping monetary and non-monetary deprivations (World Food Program 2020).

5. **Multiple indices point towards a significant gender gap, with Yemeni women having a lower standard of living than men, and less access to education, health, productive employment and food security than men** (World Bank 2014). The Gender Inequality Index (GII) measures Yemen's GII value as 0.834³ vs. the world's average at 0.439. Yemen [ranks 153 out of 153 countries](#), meaning Yemen has the most massive gender gap in the world, in the 2020 Global Gender Gap Report⁴ by the World Economic

^[1] Notes printed after September 2016 when the Central Bank of Yemen (CBY) headquarters was moved to Aden.

¹ The Yemen Macro-Poverty Outlook, the 2020 Annual Meetings Edition.

² IPC Phase 2 and above.

³ The Borgen Project, 2018.

⁴ The Global Gender Gap considers the economic participation, education, health and political empowerment of all genders.



Forum. International Labor Organization (ILO)- modeled estimates⁵ suggest that 46 percent of women work in agriculture (versus only 27 percent of men). Yet far fewer women participate in the labor market and in productive employment, with only 6 percent of women participating in the labor force compared to 72 percent of men. One out of four women in the labor market are unemployed (24 percent) compared to 12 percent of men. Vulnerable employment is high for all but especially for women; 68 percent of women fall in this category compared to 44 percent of men. Income inequality is stark: for every dollar a man makes in Yemen, a woman is estimated to make only thirty cents⁶. In 2011, the adult literacy rate was 80 percent for men and 45 percent for women, but among youth aged 15-24, these rates were 96 and 72, respectively⁷ ⁸. Finally, while men face a higher direct burden of war through fighting and battle deaths, women are disproportionately affected by the indirect and often lasting effects of conflict (World Development Report 2011, Buvinic et al. 2012, Justino 2018) that exacerbate existing gender-based deprivations and development shortfalls.

6. **Economic and social prospects for 2021 and beyond are highly uncertain.** With the ongoing difficult political and security situation, socio-economic conditions will remain difficult. Urgent progress to address the current restrictions of access to supplies and fuel imports would improve public service provision and the operational environment for humanitarian operations. Ceasing hostilities and eventual political reconciliation, including the return of unitary macroeconomic policy implementation, are prerequisites for reconstructing the economy and rebuilding social fabric.

Sectoral and Institutional Context

7. **Yemen's agriculture supplies around 15 – 20 percent of its food needs due to limited agricultural land and water resources and poor agricultural practices.** However, agriculture—including fisheries and livestock—is the backbone of Yemeni livelihoods and the most important non-oil sector of the economy, even as its contribution to gross domestic product (GDP) has decreased during this period of severe economic disruption. Agriculture's share of GDP contracted from 10.3 percent in 2010 to 4.03 percent in 2018⁹. Agricultural land is less than three percent (3 percent) of Yemen's land area (FAOSTAT) and supplies around 15 - 20 percent of its needs for food. The principal agricultural systems are in the rainfed highlands characterized by terraced agriculture for coffee, fruits, grains and qat¹⁰ and extensive livestock (meat) production. Horticulture and field crops predominate in the plains, using groundwater for irrigation. Groundwater resources are very limited, fossil and non-renewable, and agriculture accounts for up to 90 percent of groundwater use. The current annual renewable freshwater resources in Yemen are estimated at 80 m³ per capita versus an 8,900 m³ per capita global average. Yemen therefore falls well below the absolute scarcity threshold of 500 m³ per capita¹¹. Up to 85 percent of food consumed is imported, mostly staples, such as wheat, rice, oil, sugar and milk. Yemen has self-sufficiency in some cereals (sorghum, millet, and barley), while 90 percent of wheat is imported. The agricultural sector accounts for a large portion of non-oil domestic exports and supports livelihoods through agricultural and livestock production. Over three thirds of Yemenis depend on agriculture for their livelihoods.

⁵ World Bank Data.

⁶ The Borgen Project.

⁷ World Bank: data.worldbank.org/country/yemen-republic.

⁸ Description of Yemen's education system is summarized in Annex 2.

⁹ https://www.theglobaleconomy.com/Yemen/share_of_agriculture/

¹⁰ Qat is a mild stimulant leaf chewed for recreation, and for which up to 40 percent of total water resource use is dedicated

¹¹ Dire Straits: The Crisis Surrounding Poverty, Conflict, and Water in the Republic of Yemen, World Bank, 2017.



8. **Agriculture is very important for job creation and food security, especially for women, yet women have less access to agricultural assets and higher food insecurity.** Women have a major role in agricultural production; up to 87 percent of rural women are involved in agriculture sector activities (FAO), yet women rarely have land ownership rights and they commonly relinquish inherited land rights to male family members. It is estimated that only 13 percent of women are agricultural landholders (UNDP). Women working in agriculture face many constraints, such as limited access to land ownership, finance, markets, livelihood activities, and information, aside from legal and cultural restrictions on economic independence. It is estimated that only 2 percent of women have access to a formal bank account or mobile financial provider compared to 11 percent of men (which is also low). According to UNOCHA, female-headed households are more at risk of food insecurity due to scarce work opportunities for them. Women are generally excluded from economic transactions in the local markets. When food is scarce, women are the first family members to eat less as a coping mechanism, even though they continue to do hard work, including in the fields. Lack of official papers are an obstacle for women, boys and girls when registering for humanitarian assistance distribution. Restrictions in mobility (for security and cultural reasons) are often an obstacle for women and girls to go to humanitarian distribution points. Given the agriculture sector's importance in producing food for consumption and commercialization, and generating incomes, it will continue playing an important role in households' coping strategies and is expected to play a leading role in post-conflict recovery and reconstruction¹².

9. **Vulnerability to climate change and pest outbreaks are exacerbating Yemen's dire food insecurity, creating a crisis within a crisis.** Yemen is highly vulnerable to climate change, further threatening food security and intensifying the development of locust swarms. By 2060, mean annual temperature is expected to increase by 1.2°C to 3.3°C, and the rate of warming is projected to be more rapid in interior regions than in coastal areas. Sea level rise will result in increased coastal flooding and possible damages to infrastructure and ecosystems, leading to sea-water intrusion affecting the country's already fragile freshwater balance. Climate change has already triggered the strongest alterations in water temperature in the Indian Ocean in 60 years. Warmer seas also create more extreme rainfall as well as stronger and more frequent cyclones, providing ideal conditions for desert locusts to hatch, breed, and disperse widely. Fall Armyworm breeding areas are also increasing in Yemen as a result of ecologically favorable conditions, including extensive rains, with several governorates affected.

10. **Despite the agricultural sector's importance, agricultural productivity remains low and the conflict has severely disrupted access to markets, transportation and distribution.** Yemeni farmers operate around 1.18 million farms, with an average land holding of 1.36 ha (FAO). About 75 percent of agricultural production comes from the highlands, home to 60 percent of the population. While productivity has always been low, conflict has worsened production conditions, resulting in a shortage of inputs such as seeds, fertilizer and fuel, damage to agricultural machinery, irrigation systems and storage facilities along with a deterioration of water, sanitation and electricity services, and a breakdown of logistical chains. These disruptions, coupled with the relatively small and fragmented land holdings, have been preventing the sector from making a larger contribution to rural incomes and addressing food trade imbalances. The insufficient availability of inputs and post-harvest losses have been exacerbated by

¹² https://www.theglobaleconomy.com/Yemen/Employment_in_agriculture/



inadequate marketing systems, low human resource capacity, and lack of infrastructure and access to markets.

11. Acute malnutrition is among the world's highest, and both underlying acute and chronic malnutrition will adversely impact the country's human capital outcomes in the long term. Prior to the 2015 escalation of conflict, Yemen already had one of the world's highest malnutrition levels. In 2021, over 2.25 million children under the age of five in Yemen are threatened with acute malnutrition. Of those children, 395,000 are expected to suffer from severe acute malnutrition and could die if without treatment. The projected figures in the *IPC nutrition analysis*¹³ mark a 16 percent increase in acute malnutrition and a 22 percent increase in severe acute malnutrition among children under five compared to last year's estimate. This is the highest number on record in Yemen. An additional concern are the more than one million pregnant and lactating women who are projected to suffer from acute malnutrition during 2021 in Yemen. Acute severe malnutrition¹⁴ has immediate effects, including greater susceptibility to diseases like cholera, wasting and a whole range of other poor physical and mental health outcomes. Malnutrition impacts on children is particularly severe, as it results in long term declines in cognitive development, along with poorer health outcomes in both short and longer terms. This looms as a longer-term societal issue. According to UNICEF, a shocking 46 percent of all children in Yemen are stunted. At this rate, malnutrition will create a lost generation. Undernutrition is particularly prevalent in rural areas, related to lean seasons or food security crises, and in areas remote from food aid. This suggests that enhanced, rural household-focused nutritional awareness, combined with improved local production can improve nutritional outcomes.

12. Several aggravating factors that emerged in the spring and summer 2020 have been driving a worsening of the food security situation. Those factors include:

- (a) *Widespread floods.* In most of the governorates, the 2020 agriculture season started in March with strong rains, which lasted into August and led to heavy floods across the country. The floods resulted in substantial damage to cultivated lands and infrastructure and affected agricultural activities such as horticulture and livestock. Floods coincided both with harvesting and planting, resulting in damages to the standing crops and delayed planting activities. Destruction of water infrastructure alone (not including impacts on crops and livestock) is estimated at US\$50 million (FAO). The estimated recovery and reconstruction needs for the short- and medium-term are between US\$763 million and US\$932 million¹⁵.
- (b) *Desert locust invasion.* Yemen is one of the main breeding grounds of desert locust swarms, with swarms developing across the entire year and in multiple locations. The rains created favorable conditions for desert locusts to reproduce, resulting in extensive damage to cultivated crops. Residents and farmers in selected governorates reported a huge number of locusts invading farms, cities and villages, devouring important seasonal crops such as dates and causing heavy losses. The World Bank's estimates put the damages and losses for the 2020 agricultural season at US\$ 222 million.

¹³ [Yemen: High levels of food insecurity persist | IPC Global Platform \(ipcinform.org\)](#)

¹⁴ Severe acute malnutrition is defined by a very low weight for height (below -3z scores of the median WHO growth standards), by visible severe wasting, or by the presence of nutritional oedema (WHO).

¹⁵ Yemen Dynamic Needs Assessment (DNA): Updated 2020 (World Bank).



- (c) *Livestock disease incidences and prevalence in 2020.* The above normal and intense rains created conducive environments for disease vectors to multiply and easier disease transmission of livestock diseases, resulting in increased outbreaks. In livestock, suspected outbreaks of Foot and Mouth Disease (FMD), *Peste des petits ruminants* (PPR), sheep and goat pox (SGP) in areas of low/absence of vaccination coverage, Lumpy Skin Disease (LSD) and other disease conditions have devastated livestock population, increasing vulnerability of livestock dependent population to food security shocks.
- (d) *Well below-average cereal harvest in 2020.* The total cereal production in 2020 was estimated at 365,000 tons, almost 25 percent below the five-year average. Rural food crop production is expected to continue declining unless action is taken. With reduced food imports, higher food prices and for most households significantly reduced income earnings, the result will be lower food access.
- (e) *The COVID-19 pandemic continues its spread across Yemen, negatively impacting food supply chains and food trade and contributing to sharp food price increases.* By early March 2021, Yemen had reported 2,436 COVID-19 cases with 660 deaths, although it is likely COVID-19 cases are significantly under-reported. Market functionality and logistics in many areas have been hampered due to curfews and other COVID-19 pandemic prevention measures, greatly affecting farmers' access to markets. Although farmgate prices did not change, poor market access has resulted in high post-harvest losses of horticulture products with only a few farmers finding alternate marketing channels to sell their produce, resulting in lower incomes. Movement restrictions and high input costs could further affect the next planting season. Negative coping strategies observed amongst pastoralists, such as selling herds, could continue without assistance to secure the upcoming planting season and to preserve productive assets in rural areas. In the coming months, localized and temporary increases in COVID-19 control measures are expected in areas where higher numbers of cases are suspected, with further disruptions to trade and access to food and income.
- (f) *Food price increases have continued through a combination of rapid currency deterioration, COVID-19 pandemic impacts on the agri-food sector and lower food imports.* Food represents a large share of poor households' consumption expenditures, estimated between 60 to 70 percent. The disruptions to supply chains of locally produced foods are resulting in postharvest losses, and informal food flows across land borders are expected to continue at reduced levels relative to the pre-conflict period. Trade across land borders will likely remain difficult as continuing insecurity is now compounded by border closures due to COVID-19. As a result, the cost of the minimum food basket (MFB) increased by more than 20 percent during February 2020 – January 2021¹⁶. For instance, wheat flour price gradually increased throughout 2020 and in November 2020 was 27 percent higher than at the same time previous year¹⁷. At the same time, incomes in the informal sector have dropped dramatically, remittances are also down sharply, and from December 2019 to June 2020, the local currency (Yemeni rial) lost an average of 19 percent of its value against the US dollar¹⁸.

¹⁶ MENA Crisis Tracker, January 20, 2021.

¹⁷ FEWS NET Yemen Food Security Outlook Update, December 2020.

¹⁸ IPC ACUTE FOOD INSECURITY ANALYSIS JULY – DECEMBER 2020; Issued July 2020.



13. **The ability of Yemen's physical food markets to operate varies across the country.** Yemen's food market landscape is fragmented and market ability to operate depends on the security situation. In many areas, markets are operating reasonably well and are reasonably well stocked, however, in many food insecure areas poorly operating markets and dis-functional logistics are among the reasons contributing to the food insecurity. The Yemen Joint Market Monitoring Initiative¹⁹ regularly monitors market operations in 56 districts in 16 governorates. They report that price inflation is the most commonly reported constraint faced by the assessed vendors when obtaining fuel, Water, Sanitation and Hygiene (WASH) items, food items, and water trucking services. Among the vendors interviewed, results showed 86.2 percent saw price increases as the key constraint. Other constraints listed by respondents were insecurity (17.7 percent), demand shortages due to the population's low purchasing power (14.9 percent), transportation difficulties (12.8 percent), with supply shortages only mentioned by 2.4 percent of respondents. Yet farmers report worsening access to markets due to the COVID-19 restrictions. Horticulture farmers, mainly women, are selling a highly perishable commodity and rely on this income to sustain their families. Poor market access has both, kept the farmgate prices steady, but also resulted in high post-harvest losses of horticulture products with only a few farmers finding alternate marketing channels to sell their produce, resulting in lower incomes. Another significant factor that negatively impacts overall private sector operations is fuel scarcity and its trading in the black market at double the price, which have disrupted the production process, service delivery, decreased working hours, and increased costs of production, transportation, storage and marketing²⁰.

14. **Climate change is already worsening the existing challenges and negatively impacting all four dimensions of food security: availability, access, stability, and utilization of food.** Food availability is compromised by projected yield declines due to temperature and precipitation patterns change. Climate change also compromises food access by affecting consumers' purchasing power through price increases as a result of climate change. Climate change affects food utilization primarily by reducing food safety through a higher incidence of food-borne diseases and the spread of novel pests and diseases. Regarding food stability, the risks to food and nutrition security are exacerbated by the expected increase in the frequency and intensity of climate-related events. Furthermore, according to the World Bank's Groundswell report²¹, climate change will scale up internal climate migration. The poorest people in rural areas will be forced to move due to slow-onset climate change impacts, including decreasing crop productivity, shortage and deterioration of water's quantity and quality, and rising sea levels. Therefore, actions geared towards building improved and climate-smart agri-food systems will contribute to increased food security, climate change adaptation and mitigation.

15. **Food security situation forecasts for the first half of 2021 predict that food insecurity across the country will intensify due to the continued, combined effects of the aggravating factors described in paragraph 12 above,** a warning uniformly sounded across the UN agencies working in Yemen, including the FAO, UNICEF and the World Food Programme (WFP)²². This includes large areas of the country previously in IPC Phase 2 (Stressed) moving to IPC Phase 3 (Crisis), with the share of the population in IPC Phases 3 and 4 significantly increasing by June 2021. The number of people likely to experience high levels of acute food insecurity (IPC Phase 3 or above) is estimated to be nearly 16.2 million (54 percent of the

¹⁹ Yemen Joint Market Monitoring Initiative, January 2021 Situation Overview.

²⁰ Yemen Socio-Economic Update, October 2020.

²¹ Groundswell: Preparing for Internal Climate Migration, The World Bank, 2018.

²² 3.2 www.unicef.org/yemen/press-releases/yemen-sees-return-alarming-levels-food-insecurity, July 22, 2020



total population). Food insecurity is more severe both in areas with active fighting and bordering areas with limited access. It is particularly affecting Internally Displaced Persons (IDPs) and marginalized groups such as the landless laborers and the *Mohamasheen*²³. Food insecurity is also severe in areas where people survive on low and irregular sources of income and low access to public services. The population in Catastrophe (IPC Phase 5) are found in five districts of Al Jawf, Hajjah and Amran. The governorates with the highest proportion of IPC Phase 4 districts (>75%) are located in Al Dhale'e, Al Jawf, Hajjah, Marib and Rayma Governorates. Each of the governorates of Al Hudaydah, Dhamar, Hajjah, Ibb, Sana'a City and Taizz have more than one million people in IPC Phase 3 (Crisis) or above. The upcoming "lean" season, between March and June 2021 is expected to aggravate this situation.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

16. The Project Development Objective is to improve availability and access to food and nutritious diets, both in the short and medium term, for targeted households in the Project Area, and to enhance Yemen's capacity to respond to food insecurity.

Key Results

17. Progress toward the achievement of the PDO will be measured by the following outcome indicators:

Outcome 1: Short-term access and availability of food and nutritious diets at household level improved

- Percentage of households (HH) with improved Food Insecurity Experience Scale (FIES), of which female-headed households;
- Percentage of women in beneficiary households with minimum dietary diversity;
- Percentage of children (6-23 months) consuming minimum acceptable diet.

Outcome 2: Medium-term access and availability of food and nutritious diets at household level improved

- Increase in the volume of food/agricultural products commercialized/sold by beneficiaries, of which by female beneficiaries.

Outcome 3: Country capacity to respond to food insecurity strengthened

- Food security preparedness improved, through the adoption of the food security preparedness plan and the use of the EO monitoring tool.

²³ Mohamasheen or "the marginalized ones" is a minority of African descent who suffer from caste-based discrimination and have long been characterized by deep-seated poverty and exclusion.



D. Project Description

18. **Component 1: Improving household incomes through CFW for agricultural production infrastructure (US\$20.0 million, including US\$5.0 million from GAFSP and US\$15.0 million from IDA).** UNDP will implement this component through the Social Fund for Development (SFD) and the Public Works Project (PWP). The SFD will take the lead in implementing the CFW program, which will provide employment opportunities directly to beneficiary laborers from the communities in the project area. The PWP will implement small-scale infrastructure-related works through selected locally sourced contractors which are also expected to create employment opportunities for the communities. Both organizations have extensive experience implementing their respective responsibilities under a number of other interventions, including under several Bank-financed projects. It is expected that 85 percent of the component financing will be allocated for CFW activities, which the remaining 15 percent would be channeled through the PWP. Component 1 activities will be implemented in close collaboration with the FAO to ensure that they are closely coordinated with the productive investments made under Component 2. Component 1 would ensure immediate access to food for an estimated 26,500 food-insecure households by creating temporary employment opportunities through a Cash-for-Work (CFW) program, focusing on restoring damaged public and collective productive assets, including those affected by the recent floods. The project would target youth (18 – 32 years of age) through the community outreach programs and encourage them to participate in the CFW program. The Component will also seek to support employment generation activities targeting women.

19. **Component 1 activities would directly contribute to climate change adaptation and mitigate greenhouse gas emissions.** Implementing climate-resilient irrigation and water conservation and management practices will restore degraded lands (including terracing) and affected water infrastructure for subsequent productive, climate-smart technology use in agricultural production and allow beneficiaries to earn much needed income from their repair and maintenance through cash-for-work. An estimated 15,700 farmers will have improved access to water infrastructure, irrigation networks and rehabilitated lands. These actions also contribute to climate change mitigation and adaptation by increasing carbon sequestration and improving water management. The Component will finance beneficiary compensation, estimated as US\$660 per household per six month period, and the operating costs of SFD and PWP. The detailed criteria for beneficiary selection will be included in the Project Operations Manual (POM), and care will be taken to ensure that the beneficiaries of this Component are not engaged in parallel Bank-financed projects²⁴.

20. **Component 2: Increasing production and sale of nutritious crop, livestock and fish products (US\$33.0 million, including US\$10.0 million from GAFSP and US\$23.0 million from IDA).** This Component will be implemented by FAO. The Component would allocate resources to provide key support for smallholder farmers and producers to invest in productive assets and help improve their capacity to better commercialize their products and enter new markets. The Component would support: (1) restoring climate-smart local food production to increase household access to food and food availability in local markets, and (2) improving farmer's access to markets for staple and high value cash crops (such as horticultural crops and coffee), by strengthening value chains' vertical and horizontal linkages, to increase incomes for beneficiary households. Component 2 would collaborate with IFC in developing selected high

²⁴ SFD is the main implementing agency for CFW components and sub-components under Bank-financed projects.



value agricultural value chains, building value chains between the project-supported farmers/agricultural producers and IFC's advisory services and investment clients²⁵. This component is therefore expected to restore climate-smart agricultural production while also stimulating the local economy and promoting the production of nutrient-dense foods (e.g., horticulture, pulses, meat (chicken and livestock), dairy and fish). This component would finance two types of support packages. Detailed criteria for beneficiary selection and implementation arrangements will be included in the POM.

21. Sub-component 2.1: Restoring climate-smart agricultural production (US\$15.0 million, including US\$ 5.0 million from GAFSP and US\$10.0 million from IDA). The Input Package for agricultural producers will promote climate-smart agricultural production focusing on smallholder's re-engagement in horticulture, crop and livestock farming, bee-keeping and fish production. Producers would receive support to restart or expand production, including input starter packages for crops, animal feed, improved forage seeds, equipment and inputs to start fish farming, bee-keeping kits, farm equipment such as fodder choppers and small dairy equipment, energy efficient post-harvest handling and storage facilities. The Input Packages will be supported by complementary climate-smart practices supporting diversified production and climate resilience—for instance, by introducing improved varieties and plantings and ways to preserve and manage grasslands. The Sub-component will also provide extension support to producers, including training and advisory services through Farmer Field Schools (FFS) on good agricultural practices, enhanced animal husbandry and feeding practices and climate-smart technologies. SFD, which has extensive prior experience in implementing the types of activities supported under this Component, will work alongside FAO to restoring and enhancing access to some agriculture inputs. It would also strengthen access to supporting services to ensure maximum benefits from those assets, including extension services to be supported under Component 4, veterinary services (including vaccinations for animals) through Community Animal Health Workers (CAHWS) and General Directorate for Animal Health and Quarantine (GDAHQ), and mechanical services support.

22. Sub-component 2.2: Promoting value addition and sale of nutritious food products (US\$20.0 million, including US\$5.0 million from GAFSP and US\$15.0 million from IDA). The second package of interventions (Value Addition Package) will provide in-kind grants to support enterprising producers, processors and traders to scale up, add value to their products, improve product quality and aggregation, consolidate production, and access local and regional markets with their products. The sub-component will work with the value chain participants to structure the value chain, providing both training and advisory support in technical aspects (aggregation, development of linkages with farmers, product quality and others), business skill capacity building, and provide beneficiaries with key assets (equipment, machinery and working capital), enabling them to increase the quality and commercialization of food products. In areas with high caseloads of Internally Displaced Persons (IDPs), the project will build capacities of farmers with agriculture techniques, value chain development and maintenance of local infrastructure, to improve mutual trust, understanding and collaboration between displaced and host populations. SFD, which has extensive prior experience in implementing the types of activities supported under this Sub-component, will work alongside FAO to increase the farm-gate value and nutritional content of some agricultural products through provision of improved technologies and practices for key horticulture crops. The equipment and machinery provided under the sub-component will be climate-smart and more environmentally friendly than conventional technologies. Most of the equipment and machinery is expected to be procured, imported and distributed to the value chain/value addition

²⁵ One such opportunity for a black sesame value chain has already been identified.



beneficiaries by FAO. Some of the value chain activities may also cover the beneficiaries who received support under the SAPREP and ECRP.

23. **Sub-component 2.2 will support key value chains mostly focused on the local market, including beans and cereals, vegetables, dairy, livestock and fish value chains.** To increase production, improve product quality, extend shelf-life, reduce food loss, and improve energy efficiency, the component will complement the Input Packages by providing in-kind grants for value chain development, post-harvest enhancement and value addition activities. The size of in-kind grants will depend on the type of beneficiary financed – a group or individual, as well as on the nature of the activity. Larger-scale investments, such as seedling centers, post-harvest centers, hydroponics, dairy processing facilities, etc., will be implemented through groups of beneficiaries. For group beneficiaries, the upper value of the in-kind grants should not exceed a maximum of US\$70,000 per group. The only exception to this maximum size limit may be groups engaged in milk collection and dairy processing where construction of infrastructure is necessary. Given the high start-up costs, the maximum value of such in-kind grants should not exceed a maximum of US\$120,000 per group. Individual beneficiaries who will receive support for activities such as beekeeping, poultry production, horticulture production and processing, food preservation, agro-logistics services and other income-generating value-addition activities, the grant shall not exceed US\$2,000 per individual beneficiary. All in-kind grant financed by the project should be supported by a business idea description, description of the market, value chain arrangements and financial viability. The length of the business idea description should be commensurate with the size of the in-kind grant. Detailed description of the in-kind grants is in Annex 3.

24. The component will also support investments and technical assistance in selected high-value, high-growth value chains (such as coffee, fruits and nuts, and poultry and eggs²⁶), some of them in collaboration with IFC and aiming to generate IFC and/or private sector investments. This should generate higher employment and household incomes, improve access to food, and allow for higher diversification of household diets. To ensure that the products are delivered to the market, and to create additional jobs, selected small-scale agro-logistics service providers may also be supported. The component will prioritize the adoption of climate-smart crop and livestock practices to reduce greenhouse gas emissions and enhance resilience to climate change. SMEPS will be working alongside FAO and IFC to ensure knowledge transfer on value chain development and support to build SMEPS's capacity to engage in similar activities in the future. To further review and strengthen opportunities for development of value chains, the Sub-component will also finance studies in two areas: (1) A fisheries and coastal aquaculture needs assessment and a fisheries and coastal aquaculture stock assessment; and (2) agro-logistics constraints and solutions for selected value chains. The sub-component will also support limited small-scale laboratory equipment for selected Universities to support the value chain development activities.

25. **Component 3: Improving the nutritional status of vulnerable rural households (US\$49.3 million, all IDA).** Sub-component 3.1 will be implemented by FAO and Sub-component 3.2 and 3.3 will be implemented by WFP. This component would aim at improving the nutritional security of very vulnerable (Sub-components 3.1 and 3.3) and moderately vulnerable (Sub-component 3.2) households through a variety of instruments, including: (1) targeted nutrition-sensitive agriculture activities and facilitating

²⁶ Based on the results of application of the Agricultural Investment for Development Analyzer (AIDA) model by the International Food Policy Research Institute (IFPRI).



uptake by poor households of appropriate dietary and nutrition practices, in particular improving nutrient intakes of pregnant mothers and children under two, (2) promoting women's entrepreneurship activities and improving the diets of the female-led households, and (3) improving nutrition in vulnerable households with malnourished women and children. Component 3 beneficiaries may also include the Cash-for-Nutrition beneficiaries under the ECRP, to ensure that they receive support allowing them to start their own production of food or improve nutritious diets on a more sustainable basis.

26. **Sub-component 3.1: Promoting kitchen gardens and backyard production for improved diets (US\$10.0 million, all IDA).** FAO will implement this Sub-component which will target beneficiary households that have received malnutrition treatment and prevention services referred to under Sub-component 3.3, former beneficiaries of the Cash-for-Nutrition programs under the ECRP, households with pregnant mothers and children under two, and other eligible households with a similar vulnerability level. The Sub-component will provide inputs (vegetable seeds, chicken, etc.) for households to establish kitchen gardens and backyard production of nutritious food items (vegetables, eggs, and meat). It is estimated that the sub-component will reach 20,000 beneficiary households. Beneficiaries would also receive two types of training. For improving backyard production, they will receive training on best and climate-smart agricultural production practices. The Sub-component will prioritize the adoption of climate-smart crop and livestock practices to reduce greenhouse gas emissions and enhance resilience to climate change. To maximize the nutritional value of available food, training sessions will be offered to beneficiaries of this sub-component on how to maximize the nutritional value of foods when preparing family meals. Also, the project will use different communication channels to spread nutrition messages to trigger behavioral change in target populations. Since women are the main family caretakers, mostly women beneficiaries are expected to partake in these activities, however, the training will be open to both women and men.

27. **Sub-component 3.2: Promoting women's rural entrepreneurship for improved nutrition and food security (US\$14.3 million, all IDA).** The Sub-component will be implemented by WFP and will focus on promoting women's entrepreneurship to generate higher income and improve nutritious diets and food security at the household level. WFP's resilience and livelihoods interventions will mainly target moderately food-insecure people to prevent them from slipping into further food insecurity. WFP will work with national NGO partners and provide Food for Training to food-insecure women, especially targeting those who are heading their households in rural communities. The training will develop their skills, aimed at restoring or establishing their livelihoods, and starting their own businesses. The support in most cases will range from six to nine months (at the monthly payment of US\$105), giving participants access to various trainings, such as skill development, business development and management, digital skills, entrepreneurship, improved nutrition and life-skills (e.g. health practices) while they are supported by a monthly allowance. Once trainings are completed and a business plan submitted, the women would receive a start-up grant to start diversified income generating activities (both agricultural and non-agricultural). The grant amount per individual will not exceed US\$800. Increasing the productive capacity and livelihoods potential of rural women, especially in agriculture and food production, will help sustain their food and nutritional security when the assistance period ends. Similar to 3.1, for agricultural activities, the Sub-component will prioritize the adoption of climate-smart crop and livestock practices to reduce greenhouse gas emissions and enhance resilience to climate change. WFP's comprehensive approach also includes training and support related to gender-based violence, awareness on preventing infectious disease spread, and child-care, nutrition and health practices. Participants will be encouraged to work together in joint business ventures with an estimated 3 participants per business, although the number may vary based on participant preferences and conditions for joint ventures in the targeted areas.



It is expected that around 7,910 women will participate in the training, establishing an estimated 2,637 businesses.

28. Sub-component 3.3: Providing nutrition assistance to treat and prevent malnutrition (US\$25.0 million, all IDA) for pregnant and lactating women and girls (PLWG) and children under 5 years old. This Sub-component will be implemented by WFP and constitutes an integrated malnutrition prevention and treatment response. WFP will provide blanket supplementary feeding with specialized nutrition products to children aged 6–23 months and PLWG to prevent acute and chronic malnutrition in the project area districts prioritized for integrated famine response. Elsewhere, WFP will provide targeted supplementary feeding to malnourished children aged 6–59 months and PLWG girls to treat moderate and acute malnutrition across the country. Beneficiaries of targeted supplementary feeding will be screened in local health centers, through community health volunteers and screening campaigns organized by the Ministry of Public Health and Population (MOPHP), using mid-upper arm circumference (MUAC) and weight-for-height measurements. This is accompanied by social behavior change communication (SBCC), designed to reduce barriers to adequate infant and young children feeding practices and healthy eating and hygiene habits. The SBCC campaign will target PLWG, health workers and caregivers, and also other decision makers and influencers within the community such as parents-in-law, husbands and local leaders. Messaging will focus on ensuring that responsibility for the care of children is shared within the household and not only limited to women. During the project period, around 195,000 beneficiaries are expected to be reached through the Treatment Program, including 150,000 acutely malnourished children under the age of five and 45,000 acutely malnourished pregnant and lactating women and girls, as well as around 277,000 beneficiaries through the Prevention Program, including 150,000 children under the age of two and 127,000 pregnant and lactating women and girls.

29. Component 4: Capacity building for food security management (US\$6.0 million, all IDA). FAO will lead implementation of this component in cooperation with other partner organizations as described below. This component includes a set of activities that are expected to significantly strengthen the capacity of both the private (households) and public sectors for food security crisis planning and response:

(a) Developing an evidence-based Food Security Preparedness Plan (FSPP). The FSPP development will be co-led by the World Bank (financed under a separate budget) and the FAO, and will be carried out in a highly participatory manner, consulting with the main line ministries and Institutions involved in the agricultural sector, multilateral and bilateral organizations, the private sector; and civil society including international and local NGOs. This FSPP will be prepared within six months of project effectiveness and it will be reviewed by the World Bank's Technical Expert Group on Food Security. The FSPP implementation will be monitored on a regular basis throughout the project period.

(b) Establishing a satellite-based Earth Observation (EO) crop and pasture monitoring and early warning system for detecting climate-induced hazards. This tool would support monitoring agricultural production, providing information to the GOY for decision-making regarding food imports planning. The data generated by the EO Tool will also feed into the FSPP implementation. The EO tool will initially be housed by FAO and arrangements to transfer to the appropriate agency will be identified during the project Mid-Term Review (MTR). The project will be designed in a manner to ensure its use for the intended (civilian) purpose only.



(c) **Strengthening agriculture extension services** by financing capacity building of the existing extension services, including current extension services staff, Community Animal Health Workers (CAHWs) and other extension service agents working in the communities. A significant number of women, enrolled on the basis of selection criteria which will be reflected in the POM, will be trained as extension workers, agricultural technicians, and CAHWs under this activity and recruited to be part of FFS.

(d) **Piloting alternative agricultural production technologies** will introduce alternative, climate smart land- and water-efficient agricultural production technologies for producing nutritious crops (soil-less technologies, such as hydroponics and aquaponics) by financing technology pilots and demonstrations in areas where previously, production would not have been possible, due to limited land resources.

30. **Component 5: Project Management and Knowledge Management (US\$16.7 million, including US\$3.2 million from GAFSP and US\$13.5 million from IDA).** This component would cover the costs associated with project management for all three Implementing Agencies (FAO, UNDP and WFP), recognizing the particularly challenging operating conditions in Yemen. Covered implementation costs include financial management, procurement, monitoring the project's environmental and social safeguards, communication and stakeholder engagement, and overall monitoring and evaluation (M&E). Additionally, M&E is expected to be strengthened by using the Geo-Enabling initiative for Monitoring and Supervision (GEMS) and by carrying out an additional impact assessment (in collaboration with IFPRI), to assess the suitability and impact of project interventions. This component would also finance a third-party monitoring (TPM) mechanism and establishing and maintaining a grievance redress mechanism (GRM).

31. **For real-time data collection and analysis, the project will implement the Geo-Enabling method for Monitoring and Supervision (GEMS).** The GEMS method enables project teams to use open-source tools for in-field collection of structured digital data that automatically feeds into a centralized M&E system and Management Information System (MIS). The integrated data can include any kind of indicators, based on tailor-made forms; photos, audio, videos; time and date stamps; and GPS coordinates that allow for automated geo-mapping of the information. Using these tools systematically allows the project to enhance the transparency and accuracy of project planning as well as M&E and third-party monitoring throughout the project cycle. Moreover, GEMS allows for establishing a digital platform for remote supervision, real-time safeguards monitoring, and portfolio mapping for coordination across project components as well as with other operations in the region.

32. **Integration of COVID-19 response.** The project will use its resources (such as field consultants) to integrate COVID-19 awareness and preventive measures in the training events and awareness campaigns planned for beneficiaries. Awareness raising and training events will follow precautionary measures described in workshop/training protocols, as well as enforce and maintain adequate distancing during control, distribution, training, payment, and other project activities. These will also be held in locations and during times that are convenient for women. The project will work with local communities, female and male consultants, and beneficiaries to reach households with awareness and hygiene materials (such as masks, hand sanitizers and other relevant consumables) that will be developed to resonate with women and men's different roles and behaviors at home and in society. The decision on which hygiene materials



to procure will be made in coordination with the Bank-financed COVID-19 health emergency project in Yemen.

Legal Operational Policies

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

Summary of Assessment of Environmental and Social Risks and Impacts

Environmental Risk Rating

33. The environmental risk is considered Substantial given that the project will support several interventions that might be associated with environmental risks and impacts and the implementation agencies' ESF capacity remains limited. Environmental risks and impacts are expected to be site-specific, reversible, and generally of low magnitude that can be mitigated following appropriate measures; nonetheless, based on the implementation experience of ongoing projects, particularly those involving labor-intensive interventions, and the identification of significant Occupational Health and Safety (OHS) gaps, there is a significant risk for fatal incidents or serious injuries to occur under the project, particularly under the interventions of component 1 (Alleviating immediate food security needs by improving household incomes) since the activities under this component will provide temporary work opportunities to a large number of local community members, with little or no knowledge or experience in applying OHS measures.

34. Furthermore, there is a risk of COVID-19 transmission among community workers if worksites are not managed appropriately and injuries due to the potential explosion of a remnant of war (ERW). Component 1 will also support the rehabilitation of small-scale rural land and water infrastructure and access roads to isolated villages/communities, therefore improper management of materials that will be used for the rehabilitation activities might lead to the generation of waste and open dumping in the environment. In addition, the project might support some interventions such as rehabilitation of terraces and construction of hydroponics which might increase the use of pesticides (the project will not finance procurement of pesticides) and fertilizers which should be applied and disposed of adequately and in a controlled manner.

35. It is mentionable that the project will have several positive impacts including through supporting the hydroponics and aquaponics which will enhance the economically - environmentally friendly and sustainable development solution for the beneficiaries and will pilot interventions which are of high productivity and save land and water consumption for irrigation. This may encourage other farmers to replicate this intervention at a larger scale and spreading scientific knowledge to other farmers countrywide.



Social Risk Rating

36. The proposed project is expected to bring significant social benefits to the targeted communities. It will contribute to the alleviation of food security and improvement of household income through the Cash for Work program, support restoration of local food production and increase the sales of crops and livestock and promote diversified nutrient crops. Particular attention and efforts would be given to the promotion of youth and women participation and maximizing their benefits through dedicated subcomponents under the project.

37. The project could face possible adverse social impacts and risks. The proposed interventions in farmland and irrigation works are of rehabilitation and maintenance nature. They are planned to take place within their existing footprints and are expected to be quite small in scale. Therefore, land acquisition or resettlement needs are not anticipated under the project. A negative exclusion list will be developed for the project. However, these activities could have potentials for labor-related impacts and risks, such as possible child labor, forced labor, discriminatory practices in recruitment, occupational health and safety issues, and GBV/SEA risks, and even possible conflicts within potential beneficiary communities. The project faces a potential risk of elites or better-connected individuals or groups capturing project benefits, affecting poor and vulnerable groups receiving their due share of project benefits. These could include the elderly, poor farmers, women, and individuals displaced by the ongoing conflict. The overall country security situation poses another challenge for the project and is a key risk for the project implementation. In addition to the general conflict and security situation the country faces, the project may face possible conflicts among local communities, interested groups, and factions over project benefits distribution. Given the above, the project's social risks are considered Substantial.

E. Implementation

Institutional and Implementation Arrangements

38. **The project would be implemented by three UN Agencies, FAO, UNDP and WFP**, ensuring project activities reach throughout both the South and the North of Yemen. Each Agency will implement part of the project based on their mandate and relevant experience:

- (i) **FAO** is the specialized UN agency responsible for and well positioned to respond to emergencies in agriculture and food security, including crop and food supply monitoring and needs assessments, evaluations of agricultural relief requirements, and mobilizing assistance and resources to restore agricultural activity. The FAO has prior experience in supporting the implementation of Bank-financed projects on the ground in Yemen (since 2017 it has led the implementation of SAPREP toward satisfactory achievement of results and more recently it became the Implementing Agency for the Desert Locust Response Project; P174170). SAPREP, implemented in collaboration with SFD, supported a set of similar activities, including the CFW instrument implementation, support to agricultural production by providing input kits and ensuring access to associated services (such as animal health services). The project's implementation performance rating is *Satisfactory*. Given their prior experience in implementing SAPREP, FAO is fully aware of the Bank's fiduciary and safeguards requirements. FAO has put in place enhanced M&E mechanisms to supervise local implementation partners and has also been using TPM.



- (ii) **UNDP** is the UN's development agency and it is committed to supporting the peacebuilding initiative in Yemen, political stability and enhanced local governance. UNDP has built a successful partnership with the World Bank in implementing the CFW activities of the ECRP. The project works in 317 districts out of 330 districts of Yemen. UNDP is partnering with the SFD and PWP and their community networks to deliver services. Given their prior experience in implementing the ECRP, the UNDP is fully aware of the Bank's fiduciary and safeguards requirements. UNDP established an M&E system to ensure proper project management, assuring stakeholders and providing accountability and is also using a TPM mechanism to monitor project implementation. UNDP communicates with the World Bank team monthly on project implementation and to address emerging challenges. UNDP had a good collaboration with FAO on water resource management, aimed at enhancing access to water in agriculture and improving the effective use and management of scarce water resources in Yemen.
- (iii) **WFP** is the food-assistance branch of the United Nations and is the world's largest humanitarian organization, the largest one focused on hunger and food security, and the largest provider of school meals. In Yemen, in addition to food and nutrition interventions, such as school feeding programs, WFP is also engaged in livelihoods development activities through a range of instruments, including Food-for-Assets and Food-for-Training in close cooperation with FAO. WFP's vulnerability, mapping and assessment (VAM) expertise conducts joint nation-wide food security and livelihood assessments which inform the Integrated Food Security Phase Classification (IPC) for Yemen, as well as regular food security and price monitoring and analysis. WFP is an existing Implementing Agency under the World Bank-financed Restoring Education and Learning Project (P175036), engaged in school feeding activities, and it has therefore some exposure to the Bank's fiduciary and safeguards requirements.

39. **The Country Representation Offices of the three UN Agencies will be responsible for the overall implementation of their respective activities and coordinating all relevant activities at the sub-national level, supported by the regional office staff who will monitor the activities in different governorates.** The FAO will be the lead agency for the implementation of the project and will be a recipient of both IDA and GAFSP financing. Both UNDP and WFP will receive IDA financing. Each UN Agency will be responsible for the technical implementation of the relevant components and sub-components (as indicated in the PAD), as well as all fiduciary, environmental, and social aspects, monitoring and reporting. The UN Agencies will help ensure financial and technical accountability of the implementing partner organizations (such as SFD, SMEPS and PWP) and ensure appropriate training and capacity building of the staff of the implementing partner organizations. The FAO would have a Project Coordination Unit (PCU) based in Sana'a, and technical staff deployed in its Aden sub-office and other decentralized hubs to ensure day-to-day project management, including all fiduciary, environmental, and social aspects, and monitoring and reporting. UNDP and WFP will assign dedicated staff to support project implementation and ensure timely and relevant contributions to the PCU work. This proposed structure would build on the experience with previous grants implemented by FAO in the country. Moreover, the FAO team in Sana'a is backstopped by a dedicated team of technical experts at Regional (Cairo) and Headquarters (Rome) level in line with the Level 3 fast-track procedures established due to the emergency situation in Yemen.

40. **Coordination.** The three selected organizations are currently working in Yemen and exchanging information as part of their participation in partner meetings. The three UN Agencies will set up a formal project Coordination Committee for increased efficiency and efficacy, including to coordinate activities



with and among the Implementing Partners. This committee will hold meetings on a regular basis (suggested monthly) to best coordinate their activities, evaluate progress, address bottlenecks and consolidate annual work plans. Frequency of meetings, attendance, communication tools, etc. will be developed in the POM. Collecting and reporting on indicators (including methodology, tools, devices, etc.) to inform the results framework and progress on implementation will be discussed and agreed among implementing partners with the support of the Bank. A mechanism will also be established to brief the authorities at various levels on regular basis on the project results and challenges of implementation.

41. Local partners with prior extensive experience in implementing similar projects will have key implementation roles. The PWP and SFD would play a key role as the local implementing partners for Component 1, SFD and SMEPS would support implementation of small-scale value chain activities, provision of technologies and practices for some horticulture crops and restoration of agriculture inputs under Component 2, alongside FAO. The SFD and PWP are the key local partners in implementing the ongoing ECRP, SAPREP and DLRP, and they would lead the implementation of Component 1. SMEPS would contribute to the value chain development under Component 2. Selecting national institutions for these roles would contribute to building national capacity for community-based interventions. For activities that would be implemented by SFD, SMEPS and PWP, UNDP and FAO would provide technical guidance and backstopping as required. Under the CFW program of Component 1, SFD will be in charge of working with beneficiaries on the CFW program, while the PWP will implement the activities related to restoration of small-scale agricultural infrastructure in the cases it requires involvement of professional contractors, to ensure communities have access to good quality assets. SMEPS will ensure technical assistance to the value chain development activities. Additional personnel will be recruited to cover any skills or human capacity gaps as assessed during the project preparation. All staff are required to have satisfactory expertise, experience, and qualifications. All three national institutions have capacity and experience spanning over 20 years in undertaking participatory and community-based development activities involving women and men from local communities.

42. Project Operational Manual (POM). A detailed POM and a separate CfW Transfer Manual will be prepared for all project components by effectiveness. The POM and the CfW Transfer Manual will be subject to the World Bank's no objection.

43. Financial Management and Procurement arrangements. The project's financial management (FM) arrangements will be governed by the Financial Management Framework Agreement (FMFA) between the World Bank and the UN Agencies, which provides for the use of the UN's Financial Regulations. For procurement, FAO will follow its own procurement procedures as Alternative Procurement Arrangements, as provided under the World Bank New Procurement Framework Policy Section III. F. This implementation arrangement is sound, since the procurement procedures of FAO were assessed and found acceptable to the World Bank under agreements with UN agencies.

44. Implementing partners will prepare budgeted Annual Work Plans of implementation and a detailed procurement plan (in agreement with the World Bank). This budgeted Annual Work Plan will be prepared no later than four months after project effectiveness. It will highlight the activities to be implemented for the subsequent 12 months by component and sub-component with intended results, timeline, budgets and planned procurement activities. It will also identify issues / implementation bottlenecks and relevant remedial actions and outline key responsibilities. In the context of COVID-19 and virtual missions (video/audio), the budgeted Annual Work Plan will be the common communication



interface between implementing partners and the World Bank to regularly monitor activities of each component, evaluate progress and discuss corrective actions or changes as needed.

CONTACT POINT

World Bank

Sandra Broka
Senior Agriculture Economist

Borrower/Client/Recipient

United Nations Development Programme
Auke Lootsma
Resident Representative UNDP Yemen
Auke.lootsma@undp.org

World Food Programme
Laurent Bukera
Representative and Country Director, WFP Yemen
laurent.bukera@wfp.org

Food and Agriculture Organization
Hussein Gadain
FAO Representative in Yemen
Hussein.Gadain@fao.org

Implementing Agencies

World Food Programme
Laurent Bukera
Representative and Country Director, WFP Yemen
laurent.bukera@wfp.org

Food and Agriculture Organization
Hussein Gadain
FAO Representative in Yemen
Hussein.Gadain@fao.org

United Nations Development Programme
Auke Lootsma
Resident Representative UNDP Yemen
Auke.lootsma@undp.org



FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Sandra Broka
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Approved By

Practice Manager/Manager:		
Country Director:	Tania Meyer	31-Mar-2021