



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 24-Feb-2023 | Report No: PIDA35358



BASIC INFORMATION

A. Basic Project Data

Country Yemen, Republic of	Project ID P180358	Project Name Emergency Social Protection Enhancement and COVID-19 Response Project AF2	Parent Project ID (if any) P173582
Parent Project Name Emergency Social Protection Enhancement and COVID-19 Response Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 27-Feb-2023	Estimated Board Date 24-Mar-2023
Practice Area (Lead) Social Protection & Jobs	Financing Instrument Investment Project Financing	Borrower(s) United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF)	Implementing Agency Social Fund for Development, Public Works Project

Proposed Development Objective(s) Parent

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

Components

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

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	207.00
Total Financing	207.00
of which IBRD/IDA	207.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Development Association (IDA)	207.00
IDA Grant	207.00

Environmental and Social Risk Classification

High

Other Decision (as needed)

B. Introduction and Context

Country Context

The conflict in Yemen, now in its eighth year, continues to make Yemen one of the poorest and most food-insecure countries in the world with extreme levels of multiple deprivations. Widespread conflict, severe economic decline, food insecurity and collapse of essential services continue to take a toll on the population, exacerbating an already vulnerable situation. With a collapsed economy and diverging currency, along with surging increases in prices, fewer people are able to meet their basic needs, and many are increasingly dependent on humanitarian assistance. Funding shortages from the donor community, particularly at the start of 2022 have impacted millions of people¹. The effects of the Russia’s invasion of Ukraine, which have exacerbated global food shortages, have impacted many households in Yemen as prices of food and fuel become unaffordable for vulnerable households. The conflict has also pushed basic services towards the brink of collapse, making it more difficult for people to access healthcare, education, clean water, sanitation, or social protection services. As a result, about 21.6 million people need some form of humanitarian assistance in 2023².

A staggering 19 million people (out of the 31.8 million total population) are in crisis, emergency, or catastrophic level of food insecurity including 3.17 million children under the age of five, 2.28 million adolescent girls and 1.52 million pregnant or lactating women. Additionally, 2.42 million school-aged girls and boys are out of school³, more the half a million children suffer severe acute malnutrition⁴, and 1 in 2 have no access to safe drinking water. Furthermore, an estimated 4.5 million people are internally displaced with 378,000 newly displaced expected in 2023. Adding to chronic poverty and acute conflict conditions, natural disasters are testing the

¹ Two-thirds of major UN aid programs have been reduced or closed. United Nations Office for the Coordination of Humanitarian Affairs, September 2022.

² Humanitarian Need Overview: Yemen, OCHA, December 2022.

³ United Nations Children’s Fund, Education Disrupted: Impact of conflict on children’s education in Yemen, UNICEF Yemen, 2021.

⁴ Integrated Food Security Phase Classification, Yemen: acute malnutrition situation January–May 2022 and Projection for June–December 2022, <<http://www.ipcinfo.org/ipc-countryanalysis/details-map/en/c/1155480/?iso3=YEM>>, accessed 6 June 2022.



coping capacity of Yemen’s vulnerable population. The torrential rains that hit Yemen during the July - September 2022 monsoon season, have caused severe flooding across 182 districts in 18 governorates and left over 17.4 million people in need of assistance. The damages reported from the floods have caused widespread disruption in livelihoods and warrant a strong social protection response, ultimately re-building resilience capabilities, including through consistent cash transfers during (and beyond) the recovery period. To respond and protect the poor and vulnerable households in districts affected by the floods⁵, a full coverage cash transfer response to all beneficiaries is needed. These deprivations are eroding Yemen’s human capital: the future earning potential of children born today in Yemen will be 63 percent lower than what it could have been with complete education and adequate healthcare.

Sectoral and Institutional Context

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

The conflict has undermined the ability of national institutions to deliver support and increased reliance on humanitarian institutions. National institutions such as SFD and PWP have historically retained their autonomy and political independence and have remained functional with support from donors. However, government programs, including those of the SWF and the Disability Fund, were affected by the political fragmentation of institutions and discontinued these programs. The public sector, the single largest employer pre-conflict, has not consistently made salary payments to over 1.2 million civil and military employees since mid-2016. Civil and military pension funds have also suffered during the conflict, increasing vulnerability among many families relying on pensions. Earnings from government bonds were inaccessible due to the liquidity crisis, and contributions from public employees also stopped when salary payments stopped⁷ preventing the pension funds from financing payments. The social protection institutional landscape in Yemen is currently marked by a combination of international development and humanitarian actors, as well as key national institutions (notably SFD and PWP) that have maintained political neutrality and operational functionality. These efforts have fallen short of the rising needs: 24.1 million people (over 80 percent of the population) are estimated to need humanitarian or social protection support.

C. Proposed Development Objective(s)

Original PDO

⁵ Yemen: Situation Update Humanitarian Impact of Flooding | 25 August – 18 September 2022, OCHA.

⁶ Both units are under the Social Fund for Development.

⁷ MoPIC 2017, “Social Protection Programs in Yemen.”



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Current PDO

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

Key Results

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

- Beneficiaries of social safety net programs (disaggregated by number of household members and the number of females)
- Number of beneficiary households benefitting from the cash for nutrition program (disaggregated by number of SWF households, females and IDPs)
- Number of direct beneficiaries of wage employment (disaggregated by number of females and IDPs)
- Number of people with increased access to basic services (disaggregated by number of females)
- Number of Micro, Small and Medium Enterprises (MSME's) supported by the Project (disaggregated by number of female-led businesses)
- Percentage of UCT program implementation functions intended to be transferred to SFD that have effectively been transferred
- People provided with access to improved sanitation services to reduce water-borne diseases exacerbated by climate change

D. Project Description

As with the parent project and the AF, paragraph 12 of Section III of the IPF Policy (*Projects in Situations of Urgent Need of Assistance or Capacity Constraints*) is being applied to the preparation of the proposed AF2.

The operation also follows Condensed Procedures provided for in paragraph 56 of Section III of the IPF Directive (*Exceptional Arrangements in Situations of Urgent Need of Assistance or Capacity Constraints*). The special consideration of paragraph 12 of Section III of the said Policy is triggered based on the urgent need of assistance caused by the ongoing conflict coupled with insecurity exacerbated by the recent dissolution of truce, political instability, need for support to recover from the August – September 2022 floods, high food price inflation, along with the effects of the Russia/Ukraine war, which have all led to a situation of severe economic distress.

Proposed changes under AF2. The following revisions will be introduced under the proposed AF2 and restructuring: **(i)** Component 1 (UCTs) will introduce a new subcomponent – ‘Digital Payment Pilot and Financial Literacy’, specifically supporting a shift to receive digital payments for beneficiaries who wish to shift, including incentives and facilitating acquisition of IDs augmented by access to financial literacy interventions; **(ii)** under Component 2 (Geo-focused support to reduce food insecurity and malnutrition), a new activity which will be implemented across all project sub-components will be included to further operationalize Enhanced Community Mobilization for Geobundling; **(iii)** PDO and intermediate level indicators will be revised to increase associated targets and extend the end target dates in line with the extended implementation period, as well as the addition



of a new intermediate sub-indicator to monitor progress of the newly added sub-component under Component 1; **(iv)** the project's closing date will be extended by an additional two years, from December 31, 2024, to December 31, 2026, to reflect the extended implementation period, offset delays caused by the preparation of ESF instruments and operationalization of the geo-bundling approach, and to align it with the closing date of AF2.

The proposed AF2 builds on the parent project and its AF (ongoing project) to provide enhanced support to vulnerable Yemenis affected by food insecurity and malnutrition. The project will continue to provide CTs to households affected by food insecurity and malnutrition, and other deprivations, through UCTs to SWF beneficiaries across all districts in Yemen (Component 1), as well as Cash for Nutrition (CfN) to households with mothers and/or children at risk of malnutrition in selected communities (Subcomponent 2.1)—the cash support under the CfN subcomponent is complemented by health and nutrition education and referral of malnutrition cases to health facilities. AF2 will continue to engage with selected communities to provide temporary employment opportunities to build valuable community assets to reduce food insecurity and malnutrition (subcomponents 2.2 and 2.3). The AF will also continue to support selected SMEs involved in the production, storage, and distribution of food in selected geographical areas (subcomponents 2.4).

Under the proposed AF2, implementation arrangements of the UCT component will follow those under the ongoing project. UNICEF will enter into a subsidiary agreement (agreed to by the World Bank) with SFD for the implementation of various program functions. As the IDA Grant recipient, UNICEF will retain the following functions: (i) management of the TPM, project MIS and beneficiary list; (ii) capacity building functions; (iii) quality implementation support services; (iv) reporting and external communication; (v) management and procurement of payment agencies to implement the cash transfers; (vi) carrying out all ex-post and reconciliation functions under the project. SFD will be provided access to the MIS modules needed to perform its functions based on data management protocols developed by UNICEF to protect beneficiary data. SFD, in line with the World Bank's strategy to invest in the capacity of local institutions for better sustainability of development programs, will support UNICEF on the other activity functions under the responsibility/supervision of UNICEF and will continue to do so under AF2. These functions include, but are not limited to facilitation activities, primary activity monitoring, procurement of technical and consulting services, grievance redressal and management of the Call Center.

Under the proposed AF2, Component 1 will aim to finance two PCs in 2023 to households on the SWF beneficiary list. It will be implemented by UNICEF through SFD and with the engagement of the SWF. Beneficiaries in the SWF list pre-conflict (1.5 million households, representing around 9.35 million individuals) were identified based on a combination of poverty-targeting – using Proxy Means Test (PMT) – as well as categorical targeting – elderly, female headed households, orphans and disabled. The list covers households across Yemen's 333 districts and beneficiary identifies were verified by UNICEF upon assuming the cash transfer program in 2017 under the IDA-funded Emergency Crisis Response Project (ECRP). The project will continue aiming to provide benefits to all households in the SWF list. To date, the project has typically been reaching a maximum of around 1.43 million households under each PC – given that some beneficiaries from the pre-conflict list are recorded as deceased, while others have never come forward to claim their benefits. Similar to the ongoing project, Component 1 will finance the costs associated with the delivery of UCTs other than UNICEF's costs and TPM fees which are included under Component 3. These include payment agency(ies) fees and operating costs of SFD, including for (i) field facilitation and outreach activities; (ii) grievance collection; and (iii) management of payment agencies.



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

The Environmental Risk Rating is "Substantial" as the AF2 project will support activities that may result in risks and impacts on workers and community health and safety, as well as on the environment, if the project's activities are not managed adequately. Although environmental risks and impacts are expected to be site-specific, reversible, and generally of low magnitude that can be mitigated following appropriate measures. Nonetheless, there is risk for serious injuries or fatal incidents to occur under the project, particularly under the labor-intensive community subprojects. No severe OHS-related incidents have been recorded under the ongoing to date. Nonetheless, such risks still remain since the project will provide temporary work opportunities to a large number of local community members who are un-skilled, largely illiterate, and with little or no knowledge or experience in applying OHS measures. Furthermore, there is a risk of injuries due to explosion of remnant of war (ERW). Given the nature and scale of the interventions to be supported under the AF2, it is not expected that such interventions make significant use of resources such as water, energy, or raw materials. It is not anticipated that activities supported under AF2 will significantly generate pollution. The production of construction waste will be limited. Furthermore, the project is not expected to increase the use of pesticides as it will scale up support for the rehabilitation of existing damaged terraces as well as growing vegetables.

The project's social risk rating is high primarily due to the Unconditional Cash Transfer (UTC), Cash for Nutrition (CfN) and Cash for Work (CfW) activities, which present security and safety risk for the workforce, the risks of elite capture, as well as the potential for social conflict or the exclusion of vulnerable and disadvantage individuals, as a result of inadequate/poor targeting of project beneficiaries. These activities may also lead to an increased SEA/SH risk. Impacts associated with land acquisition, economic resettlement and restriction of land use and access (ESS5) are not expected. Only community infrastructures developed on public land or on land provided through voluntary land donations will be eligible for project financing. These small land needs are expected to be met with community contributions, which is a common practice locally, accepted and practiced under the parent project as well as its first additional financing project. Moreover, the project has developed a negative list of activities that will not be supported under the project, including the financing of infrastructures that require significant land needs or lead to physical resettlement. Moreover, there may be social risks related to labor and working conditions, such as occupational health and safety, poor working conditions, as well as child or forced labor. Community health and safety risks include the risk of being exposed to Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH), which screening has been rated as high, especially with activities that involve cash transfers. Other risks include risks associated with dangerous road conditions and transportation to collect cash benefits. The SME subcomponent 2.4 activities could also face social risks as above, but these risks are expected to be low given the small size of investments expected. These would be further assessed when the



investment activities are identified during implementation. Finally, given that the project will be implemented in a conflict setting, security risks are anticipated, particularly for project staff and targeted beneficiaries.

E. Implementation

Institutional and Implementation Arrangements

The project continues to be implemented in consistent manner with the World Bank’s strategic priority to invest in the capacity of local institutions of Yemen. Due to prolonged conflict, the implementation agency roles are assumed by UN agencies - UNICEF and UNDP, with various implementation functions carried out by the Yemen partners - SFD and PWP, based on contractual arrangements with UN agencies. The institutional and implementation arrangements in place under the ongoing project will remain unchanged and will be replicated under the proposed AF2. The UCT program (Component 1) will continue to be implemented by UNICEF with implementation support provided by SFD.

Component 2, geo-focused bundles of interventions, is implemented by UNDP with SFD (with its SMEPS, SMED and YLG affiliates) and PWP as local implementation partners. As the geo-focused bundles are not defined over the ESPECRP activities only, but over a broader set of IDA financed projects, these entities participate in a broader governance structure tasked to progress geo-bundling at the program level. UNDP serves as the secretariat of the governance structure, and it involves distinct bodies for program level technical cooperation, M&E and local bodies harmonizing community mobilization and overall local implementation of the bundles across the participating entities.

Third-Party Monitoring (TPM) services, procured by UNICEF and UNDP respectively, play a leading role in verifying project implementation results. With limited access inside the conflict affected country and without the World Bank’s presence on the ground, the role of TPM is critical in verifying project results, assessing implementation quality, and collecting beneficiary feedback. The TPM services under the ongoing project have to date, been providing robust support towards the quality of project implementation and supervision. However, there are associated risks and there is room for further enhancing the role and governance of the TPM function. The World Bank is thus taking a number of steps to further improve and enhance the use of TPM in Yemen.

The AF will also enhance the engagement with, and capacity of SWF to support the implementation of UCT. SWF was established in 1996 and implemented the UCT program from 2008 until it was discontinued in 2015 due to the conflict and lack of funding. UNICEF took over the program from SWF in 2017—as the World Bank is operating in Yemen under paragraph 3(b) of the FCV Policy—and preserved its main features, including the beneficiary list. As noted earlier, the partnership with SFD does it preclude the intent to ultimately hand over the UCT program back (as well as support the transition) to SWF, when conditions permit. UNICEF and SFD will work closely with and support SWF including on planning and preparedness activities to support each PC, as well as relevant meetings with UNICEF, SFD, and the World Bank. The project will continue to contract SWF staff as short-term consultants to support field operations. The AF will enhance the engagement with, and capacity of the SWF to support the implementation of UCTs, particularly in the areas of facilitation and grievances. UNICEF has completed a capacity assessment of SWF, which will be used to inform capacity-building support.

Fiduciary arrangements. Consistent with the authorizing environment provided for under the FMFA, the financial management (FM) and disbursement procedures of UNICEF and UNDP—as the recipient UN agencies—will apply. UNICEF and UNDP will be responsible for implementing the project for the benefit of Yemen. The project will



apply Alternative Procurement Arrangements (APA) utilizing the procurement regulations, rules, policies and procedures of UNICEF and UNDP.

Communication and outreach. The AF will continue to undertake intense communication and outreach efforts to: (i) inform existing and potential beneficiaries (and the public at large) about the support programs, including any changes to benefits and benefit receipt locations; and (ii) encourage accountability and ensure beneficiaries understand how to utilize the available grievance mechanisms. Effective communication will improve access to information and encourage an open dialogue to ensure the active participation of various segments of the population. The World Bank will continue to work closely with UNDP, UNICEF, and the IPs to develop well-designed communications and outreach strategies that covers all aspects of the project, and include the identification of target groups, messaging, and communication channels.

The AF will continue to strengthen the monitoring and evaluation (M&E) of project interventions. UNICEF and UNDP will be responsible for M&E activities, working in close coordination with SFD and PWP. The MIS for Component 1 will build on the existing MIS and data protection system developed by UNICEF, which collects real-time information on payments and grievances. Rich post-PC TPM data collected from a representative sample of beneficiaries will continue to inform the implementation and future design of the UCT program. UNICEF and the World Bank will also conduct a joint analysis of the socio-economic situation of SWF beneficiaries. Using resources from the upcoming MDTF for Yemen, the Bank will conduct a process and impact evaluation of the geo-focused bundles to inform future the design and implementation of future phases of the bundles. The objective of the impact evaluation is to measure the short and medium-term impacts of geo-focused bundles on food insecurity and malnutrition, both overall, and as well as relative to the impacts of individual interventions supported under the parent project.⁸ Relevant data will be collected at baseline (before interventions begin), one year after, and two years after. Monitoring of Component 2 will be facilitated by UNDP’s new MIS, which is interoperable with the MIS of the IPs. The MIS collects real-time monitoring data on beneficiaries and payments, allows for the geo-mapping of bundles, and includes a dynamic dashboard to help track and manage project activities. The MIS will also include data collected through the quarterly TPM field surveys and the continuous Remote Verification and Monitoring system (RVM), which will collect beneficiary feedback through phone calls and SMSs. Findings of the beneficiary feedback will be analyzed to identify challenges in addressing beneficiary satisfaction and implementing results-oriented and timebound action plans to address these findings.

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Borrower/Client/Recipient

⁸ To measure the overall impact of the bundles, food insecurity and malnutrition in communities supported by these bundles will be compared to those in communities in the same target district that were randomly selected out of support because of insufficient funding for all communities in the target districts. To measure the relative impact of the bundles, the relative comparison group will be communities receiving the standard support under the parent project.



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APPROVAL

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