



The World Bank

Yemen Emergency Crisis Response Project - Third Additional Financing (P164564)

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 19-Sep-2018 | Report No: PIDISDSA23281

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

Country Yemen, Republic of	Project ID P164564	Project Name Yemen Emergency Crisis Response Project - Third Additional Financing	Parent Project ID (if any) P159053
Parent Project Name Yemen Emergency Crisis Response Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 08-Oct-2018	Estimated Board Date 01-Nov-2018
Practice Area (Lead) Social Protection & Labor	Financing Instrument Investment Project Financing	Borrower(s) UNDP, United Nations Children's Emergency Fund (UNICEF)	Implementing Agency UNDP, UNICEF

Proposed Development Objective(s) Parent

The Project Development Objective is to provide short-term employment and access to selected basic services to the most vulnerable; and preserve existing implementation capacity of two service delivery programs.

Components

Labor Intensive Works and Community Services
Project Management and Monitoring
Emergency Cash Transfer

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

Total Project Cost	140.00
Total Financing	140.00
of which IBRD/IDA	140.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	140.00
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IDA Grant	140.00
Environmental Assessment Category	
B-Partial Assessment	
Decision	
The review did not authorize the team to appraise and negotiate	

Other Decision (as needed)

B. Introduction and Context

The proposed Additional Financing, is being processed under paragraph 12 of the Bank Policy on Investment Project Financing (*Projects in Situations of Urgent Need of Assistance and Capacity Constraints*), given the instability and violence currently affecting the Republic of Yemen (RoY). The ongoing conflict in Yemen coupled with insecurity, political instability, blockages to food and fuel deliveries, and economic collapse, has led to a situation of severe economic distress. Gross Domestic Product (GDP) is reported to have decreased by 40 percent, underpinned by widespread disruptions of economic activity, with enterprises operating at half the capacity compared to prior to the conflict. An estimated eight million Yemenis have lost their livelihoods or are living in communities with minimal to no basic services, and civil service salaries are only being partially paid since September 2016. Fiscal revenues are failing, and deficit financing is increasingly resorting to arrears build-up, undermining state functions and impairing the environment for private sector activities. The repeated and successive exposure to multiple shocks – protracted conflict, food insecurity, natural disasters such as the Socotra cyclone, diseases including cholera outbreak, and institutional failures such as the problem of unpaid salaries of service providers has further exacerbated the crisis in Yemen.

The UNOCHA 2018 Humanitarian Needs Overview for Yemen (December 2017) estimates that the number of people in need of some form of humanitarian or protection support has increased to 22.2 million as a result of the food insecurity and multiple shocks. This figure includes 11.3 million people in acute need of assistance. Moreover, an estimated 17.8 million people (63 percent of the population), are food insecure; with 8.4 million at the risk of starvation, with nearly 2.9 million acutely malnourished individuals (including 1.8 million children and about 1.1 million pregnant and lactating women)¹. In March 2017, the WFP warned of impending famine in Yemen². Yemen has also been plagued by disease outbreaks including Dengue Fever followed by a cholera outbreak late in 2016. The World Health Organization (WHO) reports that the cumulative number of suspected cholera cases in 2017 reached 663,451 including 2,074 deaths (of which 24.7% are children under the age of 5). Recent events such as escalated violence in Hodeidah, and the cyclone in Socotra have further intensified the need for assistance.

¹ UN-OCHA Periodic Monitoring Review Report (December 2017).

² WFP: <https://www.un.org/apps/news/story.asp?NewsID=56345#.WdalK8iGM2w>



The original Emergency Crisis Response Project (ECRP) was approved for an amount of US\$50 million equivalent in July 2016, with the objective of providing short-term employment and access to selected basic services to the most vulnerable and preserving existing implementation capacity of two service delivery programs, namely the Social Fund for Development (SFD) and the Public Works Project (PWP). The project was intended to provide an immediate response to the crisis and to protect the targeted poor, conflict-affected families, including Internally Displaced Persons (IDPs) and communities from falling into extreme poverty.

In December 2016, four months into implementation, the World Bank approved an Additional Financing (AF) in the amount of US\$250 million equivalent to scale up the impact of the emergency response. The AF provided the resources needed to expand coverage and emphasize nutrition sensitive interventions which are currently being closely coordinated with the ongoing Emergency Health and Nutrition Project (EHPN), to respond to the soaring rates of malnutrition, particularly among children. The parent project and the first AF are being implemented by the United Nations Development Programme (UNDP) in partnership with SFD and PWP. The project included two components: Component 1 – Labor Intensive Works and Community Services and Component 2 – Project Management and Monitoring.

In May 2017, the World Bank approved a Second Additional Financing (AF2) in the amount of US\$200 million equivalent as well as a restructuring of the parent project. While the parent project and AF were providing livelihood support to poor communities through labor intensive works, the AF2 was a direct response to the food crises in Yemen, and aimed to reach the most vulnerable Yemenis, most of whom could not participate in labor and would therefore not benefit from the cash for work program supported by the parent project (this includes the elderly, disabled, female headed households among others). AF2 is thus providing direct cash assistance to purchase food and basic necessities and has scaled up the impact of the project by targeting an additional 1.5 million households (with an estimated nine million individuals) among the chronic poor and most vulnerable. While the parent project is being implemented by UNDP, AF2 is being implemented by the United Nations Children's Fund (UNICEF). The parent project was thus restructured to add a new component– Component 3 (Emergency Cash Transfer) for a total amount of US\$200 million as well as a revision to the project development objective (PDO) to reflect the new component.

Under the proposed AF3, the US State Bureau for Near Eastern Affairs (NEA) is expected to provide parallel financing in the amount of approximately US\$5 million for delivery system activities, capacity building of local institutions, and staffing and operational costs. The same assistance was provided for activities under AF2 with a parallel financing of US\$4.6 million. Similarly, the United Kingdom Department for International Development (DFID) is also considering the provision of co-financing in the amount of about US\$10 million equivalent to support AF3 through a Recipient Executed Trust Fund (RETF).

C. Proposed Development Objective(s)

Original PDO

The Project Development Objective, prior to project restructuring was “to provide short-term employment and access to selected basic services to the most vulnerable; and preserve existing implementation capacity of two service delivery programs”.

Current PDO

The Project Development Objective, following approval of AF2 and restructuring is “to provide short-term employment and access to selected basic services to the most vulnerable; preserve existing implementation capacity of two service delivery programs; and provide emergency cash transfers to the poor and vulnerable in response to the food crisis”.



Key Results

The achievement of the PDO will be measured by the following key indicators:

- (a) The number of direct beneficiaries of wage employment (disaggregated by gender, youth, and IDPs) to measure coverage of income support;
- (b) The number of people provided with access to key services (disaggregated by gender) to measure potential coverage of community and social services;
- (c) Number of people who benefited from the nutrition services (disaggregated by women and children) to measure coverage of the nutrition services;
- (d) The percentage of core staff positions of the SFD and PWP retained to measure preservation of the capacity of these critical national programs
- (e) The number of beneficiary households of cash transfers.

D. Project Description

The proposed AF aims to provide resources to further scale up the impact of the project by extending CT to cover the existing beneficiaries of the CT program for two additional quarters to provide them with relative income stability and predictability. The AF3 is expected to enhance the purchasing power of beneficiary households to meet their food and basic necessities. The proposed AF will expand the social assistance from three to five-six quarters in total, extending the coverage period from July 2018 to December 2018, or March 2019 depending on the exchange rate and YR equivalent. This is intended to contribute to the expanded capacity and efficiency of safety nets in response to the food insecurity and risk of famine and has the potential to lead to activities that increase climate adaptation measures and reduce the need to adopt coping mechanisms that decrease adaptive capacity to climate change, and other risks.

The proposed AF3 does not require any change to the project's current objective, design, components/activities, or implementation arrangements -apart from the addition of the grant amount of US\$140 million under the ECT (Component 3) as well as a three-month extension of the project's closing date to allow for closure of all accounts – from June 31, 2019 to September 30, 2018. AF3 brings the project's total financing to US\$640 million.

The proposed AF3 will include the following two sub-components:

Subcomponent 3.1: Cash Transfers (US\$133.30 million equivalent): This sub-component will continue financing CTs to 1.5 million households (equivalent to an estimated 9 million individuals) with an average benefit amount of YR5000 per household, per month, delivered on a quarterly basis and fixed in Yemeni Rials. The sub-component also finances the associated fee for delivering the cash through a microfinance bank payment agency. The design parameters (targeting, benefit calculation formula, frequency of delivery, coverage, etc.) of the CTs build on those of the national CT program - Social Welfare Fund - as of Q4 of 2014.

Subcomponent 3.2: Project management and monitoring (US\$6.70 million equivalent): This sub-component will support the implementation of the proposed AF3, management and monitoring and evaluation (M&E) to ensure that the program is successfully and efficiently implemented in conformity with the design. The subcomponent finances: (a) UNICEF's direct cost including staffing and operational expenses; (b) UNICEF's indirect cost - General Management Support; (c) Third Party Monitoring costs; as well as (d) consultancy services³ required for technical assistance, implementation support and

³All consultancy service costs (apart from TPM) under the proposed AF3 will be financed under US parallel funding and DFID co-financing.



generation of lessons learned. The consultancy services include: Management Information System (MIS) support; TPM firm; grievance redressal support; and communication and field facilitation firm.

E. Implementation

Institutional and Implementation Arrangements

While the Components 1 and 2 are being implemented by the United Nations Development Programme (UNDP); AF2 and the proposed AF3 (Component 3 – Emergency Cash Transfer) are being implemented by the United Nations Children’s Fund (UNICEF).

The proposed AFs does not introduce any major changes to the technical design or implementation arrangement of the project. The design of proposed AF3 considered lessons learned from the project implementation to date and from World Bank-wide experience with emergency response operations. These include emphasis on higher impact interventions and responding to emerging challenges as well as enhancing the coordination with other World Bank operations in Yemen and those of the humanitarian agencies. This arrangement is working well and has contributed to the reactivation of SFD and PWP activities and maintaining their core staff, and to the enhancement of the delivery systems of the CT program which will ultimately be transferred back to the national CT program – the Social Welfare Fund (SWF).

The Emergency CT component targets 1.5 million poor and vulnerable households across who are currently eligible beneficiaries from AF2. The proposed AF3 will expand the coverage duration from three quarters (9 months) to five-six quarters in total. As in the parent project and AF2, the proposed AF3 will target all of Yemen's 22 governorates and 333 districts.

In terms of implementation, under the ongoing AF2, UNICEF has engaged a number of private sector consultancy firms to support the development and implementation of delivery systems and processes for an effective and secure delivery of CTs -these systems will continue under the proposed AF3. These systems will also be transferred to the national program (SWF) to support its readiness at the recovery phase, and include the following:

- *Verification of beneficiary identity:* The payment process under AF2 requires a thorough process for identity verification whereby beneficiaries were required to provide one additional document of identification (such as a national ID card, electoral card, passport, student ID, or disability ID - in addition to the SWF beneficiary card). It was determined that cross-checking identity verification was required as the SWF beneficiary card does not include adequate security features. This process helped establish credibility of the SWF list. Given that about 95 percent of beneficiaries were verified during Q1 and Q2 payments, this process step will no longer be required at a full scale during Q3 and under the proposed AF3, and any cases that may require identity verification will be addressed through the case management mechanism.
- *Capacity enhancement of the Social Welfare Fund (SWF):* During AF2, UNICEF's collaboration with SWF included: sharing the beneficiary list, engaging the volunteer social workers in the field facilitation process, information sharing and collaboration in resolving access challenges to UNICEF and its service providers. This collaboration will continue under the proposed AF3, while UNICEF will also proactively transfer the experience and the know-how, including transferring the clean and verified beneficiary list to the SWF database and training on the improved CT delivery processes. This approach aims to ensure the readiness of SWF capacity for the recovery phase.
- *The role of social media in enhancing project monitoring:* Apart from the agreed arrangement for project monitoring under AF2 (field monitoring through UNICEF's regional offices, TPM, implementation support missions), UNICEF



piloted the monitoring of social media and other media to track public response to the project. The pilot has proven to be effective and concluded with identifying social media as an important additional source of information for reporting on suspected cases of non-compliance by staff of service providers and implementation weaknesses. Therefore, monitoring of social media will be added as monitoring activity in addition to the TPM, GRM and UNICEF's field visits.

- *Use of mobile banking:* Though planned under AF2, the Project prioritized rapid delivery of CTs over the lengthy process of introducing mobile banking. Since several processes are now in place, it will be more feasible to introduce mobile banking under the proposed AF3. The technology is already used by some financial institutions. While scalability of the use of technology may be questioned, introducing it at least in urban areas is feasible, and will therefore be promoted and supported under the proposed AF3.

The benefit amount under the project is aligned with the amount set by the SWF program at an average of YR 5,000 per month per household and is estimated to assist beneficiary households to meet about 25% percent of the cost of the minimum food basket (for a family of five), as defined by the World Food Program (WFP) food monitor of July 2018. Given the depreciation of the YER and its continuing uncertainty, as well as rising food prices, the ECT will continue to monitor food prices and the real value of the ECT benefit to assess the need for any adjustments of the benefit amount to preserve the real value of the ECT benefit. Moreover, to further inform policy dialogue with regards to the adequacy of the benefit amount, UNICEF will undertake an outcome assessment to examine the effect of the project's transfers on consumption of food and other necessities, as well as on household's economic social decisions and behavior. Pre-conflict, the transfer amount per individual was equivalent to 9.2% of the food poverty line. Between the onset of the conflict and July 2018, the price of the WFP minimum food basket has gone up by 68% in nominal (YER) terms⁴. According to staff calculations, this increase in food prices would have led to a decrease in the value of the transfer amount per individual from 9.2% of the food poverty line before conflict to (i) 7%, assuming no increase in the cost of non-food items, and (ii) 6.2% assuming that the price of non-food items increased by 30%. This reflects a reduction in the value of the 'per individual' transfer, as a share of the food poverty line, by 2.2 to 3 percentage points.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Similar to the geographical coverage of the ongoing AF2, the proposed AF3 will be implemented on a national level and will cover all of Yemen's 22 governorates.

G. Environmental and Social Safeguards Specialists on the Team

Amer Abdulwahab Ali Al-Ghorbany, Environmental Safeguards Specialist
Ibrahim Ismail Mohammed Basalamah, Social Safeguards Specialist

⁴ WFP (2017). Yemen – Market Watch Report. World Food Programme. The January 2015 pc minimum food basket value was YER 2,365. The corresponding amount in July 2018 was YER 3,972.

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	No	
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**A. Summary of Key Safeguard Issues**

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

Social Safeguards. OP/BP 4.12 (Involuntary Resettlement) will not be triggered under the proposed AF3 given that project activities will not entail land acquisition, restriction to access and/or impact on livelihood of beneficiaries. The proposed AF3 provides additional funds only to component 3 (emergency cash transfers) and will not affect the Labor Intensive Works and Community Services Component under the project.

The proposed AF3 together with the ongoing AF2 would support an emergency cash transfer program. The proposed AF3, aims to continue the cash transfer to the existing beneficiaries of the national CT program (the SWF) for two additional quarters to provide them with relative income stability and predictability to improve their purchasing power of food and basic necessities. The proposed AF will expand the social assistance from three to five-six quarters in total.

Under the proposed Additional Financing however, risks of social tension due to possible exclusion of poor and vulnerable households remain. The project will deliver cash transfers to existing SWF beneficiaries without enrollment of new recipients. There is a general consensus in the country that the existing beneficiary list includes poor and vulnerable households; nevertheless, the list does not cover all poor households in Yemen. UNICEF has therefore contracted an international consultancy firm to carry out Third Party Monitoring (TPM) functions as well as a firm



responsible for beneficiary identity verification and grievance redress. These functions will be maintained under the proposed AF3 and will be further developed as needed during the course of project implementation.

Environmental Safeguards: The proposed Additional Financing will not finance civil works or any activities that might impact the physical environment in the project areas. However, the classification of the parent project will be maintained under the Additional Financing. The project is thus classified as Environmental Category B according to the World Bank's Operation Policy (OP 4.01).

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:
N/A.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
N/A.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

N/A

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Given the nature of the project involving cash transfers in a politically and security sensitive environment, communication and consultation with the relevant stakeholders and intended beneficiaries will be critical under the current circumstances. Under the ongoing AF2, the third party monitoring (TPM) is intended to capture the beneficiaries' experiences with the cash transfer activities and overall compliance with implementation procedures. In addition, UNICEF has developed and is implementing a communication plan and a grievance redress mechanism (GRM) system where complaints are received through several channels. The GRM system reacts to all complaints received and ensures that all grievances are addressed efficiently and effectively. All complaints received by the implementing agency are recorded and documented for future verifications when needed.

Social accountability is being considered through: (i) the ability of beneficiaries to voice complaints and provide feedback through well-established GRMs; (ii) dissemination of information about the resumption of the cash transfer program to the intended beneficiaries who were already listed in the program database prior to the conflict and to relevant communities; (iii) independent verification through the third-party monitoring agency; and (iv) UNICEF's field monitoring activities.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

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