



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

FOR OFFICIAL USE ONLY

Report No: PAD255754

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR30.70 MILLION
(US\$41.15 MILLION EQUIVALENT)

TO THE

UNITED NATIONS DEVELOPMENT PROGRAMME

AND A

PROPOSED GRANT

IN THE AMOUNT OF SDR2.80 MILLION
(US\$3.85 MILLION EQUIVALENT)

TO THE

REGIONAL ORGANIZATION FOR THE CONSERVATION OF THE ENVIRONMENT OF THE RED SEA AND GULF
OF ADEN

FOR A

PROGRAM ON SUSTAINABLE FISHERY DEVELOPMENT IN RED SEA AND GULF OF
ADEN (SFISH)

MAY 11, 2022

Environment, Natural Resources & The Blue Economy Global Practice
Middle East And North Africa Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2022)

Currency Unit = SDR

SDR0.74= US\$1

US\$1.34 = SDR1

FISCAL YEAR

January 1 - December 31

Regional Vice President: Ferid Belhaj

Regional Integration Director: Boutheina Guerhazi

Country Director: Marina Wes

Regional Director: Ayat Soliman

Practice Manager: Lia Carol Sieghart

Task Team Leader(s): Darshani De Silva, Aminur Rahman

ABBREVIATIONS AND ACRONYMS

APA	Alternate Procurement Arrangement
AWP	Annual Work Plan
CEN	Country Engagement Note
COVID-19	Corona Virus disease 2019
DA	Designated Account
ELCP	Emergency Lifeline Connectivity Project
ERW	Explosion of a remnant of war
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESHS	Environment, Social, Health and Safety
ESMF	Environmental and Social Management Framework
EU	European Union
FAO	Food and Agriculture Organization
FCV	Fragile, conflict and violence
FM	Financial Management
FMFA	Financial Management Framework Agreement
GAF	General Authority Fisheries
GAP	Gender Action Plan
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GEMS	Geo-Enabling initiative for Monitoring and Supervision
GM	Grievance Mechanism
GRID	Green, Resilient, and Inclusive Recovery
GRS	Grievance Redressal Service
IBRD	International Bank for Reconstruction and Development
ICR	Implementation Completion Report
IDA	International Development Association
IDP	Internally Displaced Persons
IFAD	International Fund for Agriculture Development
IFC	International Finance Corporation
IFR	Interim Financial Reports
IGAD	Intergovernmental Authority on Development
IPC	Integrated Phase Classification
IPF	Investment Project Financing
IUU	Illegal, Unregulated and Unreported
LMP	Labor Management Procedure
M&E	Monitoring and Evaluation
MAIFW	Ministry of Agriculture, Irrigation and Fish Wealth
MFW	Ministry of Fish Wealth
MIS	Management Information System
MNA	Middle East and North Africa
MTR	Mid-Term Review

NPV	Net Present Value
OHS	Occupational Health and Safety
PCU	Project Coordination Unit
PDO	Project Development Objective
PERSGA	Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden
PFS	Project Financial Statement
POM	Project Operations Manual
PP	Procurement Plan
PPD	Public Private Dialogue
PPSD	Project Procurement Strategy for Development
PWP	Public Works Project
RECA	Remaining Engaged in Conflict
RIMS	Regional information management system
RPOA-IUU	Regional Plan of Action for combating Illegal, Unreported and Unregulated fishing
RSGA	Red Sea and Gulf of Aden
SDGs	Sustainable Development Goals
SEA/SH	with sexual exploitation and abuse and sexual harassment
SEP	Stakeholder Engagement Plan
SFD	Social Development Fund
SFISH	Program on Sustainable Fishery Development in Red Sea and Gulf of Aden
SMEPS	Small Micro Enterprise Promotion Service
SMP	Security Management Plan
SOP	Series of Projects
STEP	Systematic Tracking of Exchanges in Procurement
TOC	Theory of Change
TOR	Terms of Reference
TPM	Third Party Monitoring
TTL	Task Team Leader
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
US\$	United States Dollar
WA	Withdrawal Application
WB/WBG	World Bank/World Bank Group
YECRP	Yemen Emergency Crisis Response Project
YFSRRP	Yemen Food Security Response and Resilience Project
YPSC	Yemen Private Sector Cluster



TABLE OF CONTENTS

DATASHEET Error! Bookmark not defined.

I. STRATEGIC CONTEXT **8**

 A. Regional Context 8

 B. Country Context..... 9

 C. Sectoral and Institutional Context 10

 D. Relevance to Higher Level Objectives 14

II. PROJECT DESCRIPTION..... **16**

 A. Project Development Objective 16

 B. Project Components 17

 C. Project Beneficiaries 23

 D. Results Chain 24

 E. Rationale for Bank Involvement and Role of Partners 25

 F. Lessons Learned and Reflected in the Project Design 27

III. IMPLEMENTATION ARRANGEMENTS **28**

 A. Institutional and Implementation Arrangements 28

 B. Results Monitoring and Evaluation Arrangements..... 30

 C. Sustainability..... 30

IV. PROJECT APPRAISAL SUMMARY **31**

 A. Technical, Economic and Financial Analysis (if applicable) 31

 B. Fiduciary..... 37

 C. Legal Operational Policies..... 39

 D. Environmental and Social 39

E. GRIEVANCE REDRESS SERVICES **40**

F. KEY RISKS **40**

G. RESULTS FRAMEWORK AND MONITORING **43**

ANNEX 1: Implementation Arrangements and Support Plan **50**



DATASHEET

BASIC INFORMATION

Country(ies) Middle East and North Africa, Yemen, Republic of	Project Name Program on Sustainable Fishery Development in Red Sea and Gulf of Aden (SFISH)	
Project ID P178143	Financing Instrument Investment Project Financing	Environmental and Social Risk Classification Substantial

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input checked="" type="checkbox"/> Series of Projects (SOP)	<input checked="" type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input checked="" type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input checked="" type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date 07-Jun-2022	Expected Closing Date 31-Jul-2026
---------------------------------------	--------------------------------------

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The Development Objective of the overall proposed program with series of projects (SOPs) is to promote regional cooperation for sustainable fishery management in the RSGA region and strengthen the effective fishery production and value chain in RSGA countries.



The Development Objective of this first project of the program is to strengthen mechanisms for regional collaborative management of fisheries in the RSGA region and improve the effective fishery production and value chain in Yemen.

Components

Component Name	Cost (US\$, millions)
Component 1: Strengthening regional collaboration in management of marine fisheries and aquaculture in the RSGA region	3.50
Component 2: Improving Economic Opportunities, Food Security and Effective Management of Fishery Production in Yemen	35.14
Component 3. Project Management, Monitoring and Evaluation and Reporting (including UN Agency fees)	6.36

Organizations

Borrower:	United Nations Development Programme Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden
Implementing Agency:	United Nations Development Programme Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	45.00
Total Financing	45.00
of which IBRD/IDA	45.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	45.00
IDA Grant	45.00



IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Yemen, Republic of	0.00	41.15	0.00	41.15
National PBA	0.00	13.72	0.00	13.72
Regional	0.00	27.43	0.00	27.43
Middle East and North Africa	0.00	3.85	0.00	3.85
Regional	0.00	3.85	0.00	3.85
Total	0.00	45.00	0.00	45.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2022	2023	2024	2025	2026	2027
Annual	0.00	4.20	21.10	18.80	0.90	0.00
Cumulative	0.00	4.20	25.30	44.10	45.00	45.00

INSTITUTIONAL DATA

Practice Area (Lead)

Environment, Natural Resources & the Blue Economy

Contributing Practice Areas

Finance, Competitiveness and Innovation

Climate Change and Disaster Screening

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

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate



5. Institutional Capacity for Implementation and Sustainability	● Moderate
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	● Substantial
10. Overall	● Substantial

COMPLIANCE

Policy

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

Yes No

Does the project require any waivers of Bank policies?

Yes No

Have these been approved by Bank management?

Yes No

Is approval for any policy waiver sought from the Board?

Yes No



Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

UNDP and PERSGA: Within 30 days of the Effective Date, the Recipient shall establish, and thereafter maintain, throughout the Project implementation period, a Project Coordination Unit (“PCU”).

Sections and Description

UNDP: The Recipient shall: (a) engage Yemen Partners pursuant to a partnership or service contract arrangement agreed between the Recipient and each of the Yemen Partners, under the Recipient's relevant rules and procedures, and satisfactory to the Association; and (b) make part of the proceeds of the Financing allocated will be made available to Yemen Partners to implement activities agreed upon under relevant the partnership or service contract arrangement.

Sections and Description

UNDP: In case the Association and the Recipient agree that additional due diligence measures are needed, the



Recipient shall ensure that any additional due diligence measures of its Respective Parts of the Project is carried out exclusively in accordance with its Financial Regulations and Rules, and “in conformity with the single audit principle observed by the United Nations system as a whole” .

Sections and Description

UNDP: The Recipient shall: (a) ensure that Third-Party Monitoring Agent(s) promptly furnish Third-Party Monitoring reports to the Recipient and the Association simultaneously, or (b) after its review, and no later than ten (10) business days after its receipt, make available such monitoring report to the Association, as the case may be with the various Recipients.

Sections and Description

UNDP and PERSGA: The Recipient will prepare periodic financial statements in accordance with its Financial Regulations and accounting standards acceptable to the Association. The financial statements will be submitted to the Association in accordance with the provisions of the Financial Reports and Audits of the Disbursement and Financial Information Letter.

Sections and Description

UNDP and PERSGA: The Recipient shall, not later than three months after the Effective Date, and thereafter, on November 1, of each year during the implementation of the Project, or such later date as the Association may agree in writing, prepare and furnish to the Association for its approval, the annual work plan and budget containing all proposed activities for inclusion in the Recipient’s Respective Parts of the Project.

Sections and Description

UNDP and PERSGA: The Recipient shall retain, and cause its implementing partners to retain where applicable, until at least one year or pursuant to the standard practice of the Recipient, whichever is longer, after the Association has received the final interim unaudited financial report referred to in the Disbursement and Financial Information Letter (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals of the proceeds of the Financing were made.

Sections and Description

UNDP: The recipient shall contract a Third-Party Monitoring Agent(s) within 30 days of the Effectiveness and and maintain throughout Project implementation.

Sections and Description

UNDP: The recipient shall not transfer or channel any of the proceeds of the Financing to and/or through any central government entities in the Republic of Yemen and the recipient shall not, without the express written consent of the Association, transfer or channel any of the proceeds of the Financing to public officials or employees employed by any central government entities in the Republic of Yemen, except for public officials and employees directly involved in activities implemented under Part 2 (Component 2) of the Project

Sections and Description

UNDP: The recipient shall provided within 30 days before the project closing date an action plan satisfactory to the Association on the outstanding measures and actions in the ESCP that would have been determined by the Association 60 days prior to the closing date that they will be not completed by the project closing date.



Conditions

Type Effectiveness	Financing source IBRD/IDA	Description UNDP: The recipient shall prepare and adopt a Project Operations Manual; and the Gender Action Plan, both in the form and substance satisfactory to the Association prior to project effectiveness.
Type Effectiveness	Financing source IBRD/IDA	Description PERSGA: The recipient shall prepare and adopt a Project Operations Manual; and the Labor Management Procedures, both in the form and substance satisfactory to the Association prior to project effectiveness.



I. STRATEGIC CONTEXT

A. Regional Context

- 1. Significant challenges are faced by 240 million people that live in the eight coastal states (i.e., Djibouti, Egypt, Eritrea, Jordan, Saudi Arabia, Somalia, Sudan, and Yemen)) of the Red Sea and the Gulf of Aden (RSGA) occupying around 6.4 million km².** Their combined gross domestic product (GDP) is about US\$1.2 trillion, with Saudi Arabia contributing more than 60 percent of that total.¹ While the RSGA countries share deep historical, cultural, and linguistic ties, they are at different stages of development.² The region has faced significant challenges in recent years due to wars, internal conflicts, persistent fragility, refugee influx, climate risk and shocks and tensions in geopolitical landscape.³ Poverty and inequality remain high, while trade and investment underperform as drivers of growth and job creation. Illegal actors have taken advantage of the power and economic vacuums prevailing in some parts of the region.⁴ Climate change is now exacerbating an already difficult situation across the region, leading to increased tension over natural resources. Successive shocks of different kinds have led to record numbers of displaced people and increased migration, mostly irregular, to Gulf countries.⁵
- 2. Regional trade can be an important source of growth and poverty reduction, while ensuring shared natural resources linked to trade such as fish are managed sustainably and is key to promoting post-COVID-19 recovery and jobs and economic transformation.** Intra-regional trade within Africa and Middle East and North Africa (MENA) region is the lowest among all the regions in the world,⁶ although have significant potential.⁷ There is also a strong demand from the Gulf for food products from the region, in particular fish and meat. Given the limited amount of arable land in the region and the impacts of water scarcity and climate vulnerabilities, land-based agriculture interventions have comparatively limited potential to contribute to growth. However, fisheries, if well-managed, have a high potential to become a key economic sector for the region in the nearest several decades and provide diversification needed in the food system until additional nutrition solutions are found, as demonstrated by pre-conflict Yemen.⁸
- 3. Countries in the RSGA region have demonstrated commitment for regional integration.** To counter security and economic threats in the RSGA region and identify opportunities to overcome them, a task force of the Intergovernmental Authority on Development (IGAD) assessed a common position and response strategy in 2019, concluding that forming a regional council would benefit the region. In response to IGAD's recommendation, the foreign ministers of eight RSGA countries met and chartered a new regional body - the Council of the Red Sea and Gulf of Aden Countries - in January 2020, with the objective to enhance political, economic, and security cooperation within its membership. The council specifically expects to address threats and challenges facing the region and

¹ Statistics according to latest data from data.worldbank.org [accessed October 18, 2021]

² <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

³ Vertin, Z. (2019, December 19). Red Sea geopolitics: Six plotlines to watch. Brookings. <https://www.brookings.edu/research/red-sea-geopolitics-six-plotlines-to-watch/>

⁴ Mbekeani, K. K., & Ncube, M. (2011). Economic Impact of Maritime Piracy. AfDB Africa Economic Brief, 2(11). https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Maritime%20Piracy_Maritime%20Piracy.pdf

⁵ World Bank 2021, "Horn of Africa Regional Economic Memorandum."

⁶ <https://intracen.org/news-and-events/news/what-did-the-middle-east-and-north-africa-trade-in-2017>

⁷ The COVID-19 crisis also provides an opportunity for some of the RSGA countries to gain from the effective realization of the African Continental Free Trade Area, the largest free trade area in the world in terms of the number of participating countries since the formation of the World Trade Organization.

⁸ World Bank 2021, "Horn of Africa Regional Economic Memorandum."



safeguard the security, environmental protection, and economic development of countries bordering the RGSA in close collaboration with Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden (PERSGA) especially in the management of coastal and marine natural capital.

B. Country Context

4. **The poorest country in the MENA region, Yemen, had a GDP per capita of US\$631 and a population of 29.8 million in 2018.**⁹ The devastating conflict since 2015 has weakened Yemen's institutions and caused the worst humanitarian crisis in the world.¹⁰ Twenty million people need humanitarian assistance and 4 million (nearly 80 percent of whom are women and children) have been displaced.¹¹ An estimated 40 percent of households have lost their primary income source, contributing to an increase in poverty to 75 percent of the population in 2019. The real GDP contracted by 39 percent compared to the pre-conflict situation,¹² and the economy has contracted further due to the COVID-19 pandemic, cyclones, and flooding in 2020 and 2021.¹³ Beyond these tragic human costs, the conflict has severely affected the country's food security, damaged critical infrastructure, and reduced access to basic services.¹⁴ The conflict has also caused multiple disease outbreaks and malnutrition. Despite the ongoing crisis, humanitarian assistance has declined since 2020.¹⁵
5. **Food insecurity, a chronic problem in Yemen, has increased to unprecedented levels.** According to the Integrated Phase Classification (IPC), a total of 16.1 million people, or 54 percent of the country's population were estimated to be acutely food insecure (IPC Phase 3 and above for the population in the coastal zone) in the first half of 2021, despite the presence of the ongoing humanitarian food assistance.¹⁶ Local conflict, high food prices, depreciation of local currency, and disrupted livelihoods are considered the major drivers of acute food insecurity and this could be further compounded by the recent war in Ukraine and potential disruption of wheat export from Ukraine and Russian Federation.
6. **Yemen is highly vulnerable to climate change-related phenomena.** Yemen's Third National Communication to the United Nations Framework Convention on Climate Change (UNFCCC) identified its coastal zone (the coastal Tihama plain, 30-60 km wide along the RSGA) as one of the most vulnerable areas to climate change.¹⁷ Yemen experiences high risks from water scarcity, extreme heat, wildfire, locust infestation, floods, and landslides.¹⁸ All these hazards negatively affect agricultural sector, which provides income to over 73 percent of rural population in Yemen¹⁹ and is a main source of food for substantial portion of population. Yemen will need US\$2.5-3.1 billion in the next 5 years to recover food security. Forty seven percent of cultivated area is rainfed and vulnerable to climate change; plant production per unit of cultivated area is relatively low.²⁰ Climate vulnerability is likely to exacerbate other pressures

⁹ World Bank. 2021. Macro Poverty Outlook, October.

¹⁰ <https://news.un.org/en/story/2019/02/1032811>

¹¹ <https://www.unrefugees.org/emergencies/yemen/>

¹² <https://www.worldbank.org/en/country/yemen/publication/economic-update-april-2019>

¹³ World Bank. (2021, April 2). Yemen's Economic Update—April 2021. World Bank.

<https://www.worldbank.org/en/country/yemen/publication/economic-update-april-2021>

¹⁴ For example, over 60 percent of population has limited or no access to safe drinking water, sanitation, and hygiene; while the number of sewage systems breakdowns has increased.

¹⁵ FAO. 2021. GIEWS Country Brief Yemen. March 10. <https://www.fao.org/giews/countrybrief/country.jsp?code=YEM>

¹⁶ IPC. (2021). Yemen: Acute Food Insecurity Situation October—December 2020 and Projection for January—June 2021. IPC Global Platform. <http://www.ipcinfo.org/ipc-country-analysis/details-map/en/c/1152947/?iso3=YEM>

¹⁷ https://unfccc.int/sites/default/files/resource/3490581_Yemen-NC3-2-Yemen_TNC_2018_Final.pdf

¹⁸ Republic of Yemen - <https://thinkhazard.org/en/report/269-republic-of-yemen>

¹⁹ Yemen Socio-Economic Update 2021 - <https://reliefweb.int/sites/reliefweb.int/files/resources/YSEU%2064-Englsh%20Version.pdf>

²⁰ Yemen Socio-Economic Update 2021 - <https://reliefweb.int/sites/reliefweb.int/files/resources/YSEU%2064-Englsh%20Version.pdf>



on livelihoods, the economy, and the environment in the future.²¹ During this transitional period, to address food insecurity and negative effects of climate change, fisheries sector will be playing a critical role. At the same time, it is important to monitor the fish stock and manage it sustainably, not to deplete this valuable resource and ensure it provides food and income to Yemeni population in perpetuity.

- 7. The COVID-19 pandemic continues its spread in the region, further compounding economic and supply chain pressures and food security due to pandemic prevention measures.** There has been an unprecedented decline in the flow of remittances to Yemen, a vital source of money for the population because of the COVID-19 pandemic, which in turn has affected household income and consumption, both directly and indirectly.^{22,23} The socioeconomic impact of the crisis is particularly devastating as the pandemic has contributed to worsening the already precarious living conditions of vulnerable households with job loss, price shocks, and other adverse factors. Movement restrictions, in addition to the on-going conflict and high input costs, continue to negatively impact supply chains and trade. Access to fish has decreased across the country as a result of compounding organizational and technical difficulties including increased fuel prices, limiting transportation and the destruction of fishing vessels and cooling and storage facilities. As a result, fish prices have increased impacting both livelihoods and food security.

C. Sectoral and Institutional Context

- 8. The RSGA region is globally known for the uniqueness of its coastal and marine biodiversity, including its contribution to the fishery sector and its economic, historical, and social value to the MENA region.** Its ecosystems support a rich biological diversity with a high proportion of endemic species that also includes many important fish species, with number of World Heritage Sites including Socotra Archipelago, Dungonab Bay, and Senganeeb Atoll. The Red Sea has been identified as a potential climate refuge for coral reefs, because of the relatively higher resilience of its corals compared to other parts of the world and RSGA also supports extensive seagrass beds and mangroves, which are critical fish breeding and feeding grounds. The Gulf of Aden has levels of biological productivity that are amongst the highest in the world. The flow of nutrient rich water from the Gulf of Aden into the Red Sea is primarily responsible for higher productivity in the southern part of the Red Sea and the Arabian Sea.
- 9. Capture fishery, as a traditional economic activity, remains a main source of food and income for coastal communities in the region.** However, stocks of several economically important fish species are fluctuating mainly due to degradation of their essential coastal habitats. Other significant issues are habitat destruction, overexploitation of marine resources and illegal, unreported and unregulated (IUU) fisheries; navigation risks and threats of hydrocarbon spills, pollution from urban, industrial and tourism hotspots; illegal disposal of pollutants by transiting vessels and the impacts of climate change to the long-term stability of these waters. Incomplete, outdated, unverified, or inaccessible fisheries data affect the capacity of countries to manage their marine fisheries efficiently and sustainably, jeopardizes effective oversight and accountability. Effective capacities and systems for collecting information on the status and trends of capture fisheries, including IUU fisheries, environmental, socio-economic and climate change aspects, are crucial for sound policies, decision-making for responsible fisheries management in the RSGA region.
- 10. The IUU fishing targeting high value species is a specific concern in the RSGA.**²⁴ The IUU cover a range of activities including fishing without a license or out of season, harvesting prohibited species, using banned fishing gears,

²¹ Sieghart, L., M. Betre and J. Mizener. Strengthening Conflict Sensitive Approaches to Climate Change in MENA. The World Bank.

²² <https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?end=2019&locations=YE&start=1990&view=chart>

²³ <https://ebrary.ifpri.org/utills/getfile/collection/p15738coll2/id/134258/file/134469.pdf>

²⁴ <https://www.researchgate.net/publication/342779453>



catching more fish than allowed, not reporting or misreporting catches and pirate fishing by industrial fleets especially in Yemeni, and Somali fishing grounds with variety of high value demersal and pelagic fish species that play important roles in local marine ecosystems. Decline of their population could result in negative cascading effect on other fish species as well. Use of banned fishing gear and methods in IUU (bottom trawling) scrape sea floor and irreversibly destroy habitats for all species. Consequently, these banned methods reduce potential for marine carbon storage/sinks and have negative effect for climate change mitigation efforts. The IUU takes place both by foreign and regional country fleets (albeit on a smaller scale). Countries affected by conflict and fragility have limited means to prevent IUU activities of their own, regional and foreign fleets. Their coast guards have limited capacity to carry out measures that could prevent the large and highly mechanized foreign unlicensed vessels from operating in their waters.

11. **Threats such as marine pollution, and depletion of living marine resources are of trans-boundary nature that necessitates regional cooperation to define their causes, effects and coordinated management actions.** Hence, PERSGA was initiated in 1974 in collaboration with the Arab League Educational, Cultural and Scientific Organization and the support of United Nations Environment Programme as one of its Regional Seas Programs. In 1982 the Program was underpinned by signing the Jeddah Convention, formally titled "Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment". The Jeddah Convention expresses the commitment and the political will of the countries of the region to tackle the challenges in the marine and coastal environments of the RSGA through joint and coordinated efforts. The provisions of the Jeddah Convention aim at protection of coastal and marine environment from pollution and the rational management of living marine resources including fisheries. They came synchronized with the Articles of the United Nations Convention on the Law of Seas (1982), where Article 123 of this Convention called for cooperation among coastal countries, and to coordinate their efforts regarding rights and duties concerning marine environment and its uses. In accordance with Article III of the Jeddah Convention, the PERSGA²⁵ was established in 1995.
12. **Protection of the RSGA environments from pollution, and the rational management of their living natural resources are the focal objectives of the PERSGA mission and work.** It is an intergovernmental organization governed by a council of ministers responsible for environmental affairs in the seven PERSGA member states.²⁶ The Ministerial Council meets every two years to approve technical and financial policies. While fisheries have been part of the mandate of PERSGA, the Protocol concerning Cooperation in Management of Fisheries and Mariculture in the Red Sea and Gulf of Aden (referred as Regional Fisheries Protocol hereafter) has been updated in consultation with the member countries and its signing and ratification are yet to take place.^{27,28} There is currently no regional fisheries management organization or fishery commission covering the RSGA.²⁹
13. **Yemen is part of the seven countries that hold membership to PERSGA, and it is the first country to benefit from this Program on Sustainable Fisheries Development (SFISH) in RSGA region.** Yemen has a long coastal band of 2,520 km with rich fish resources in the sea, benefiting from mountainous inputs and wadi slopes' deposits. The fisheries sector is one of the most promising economic sectors generating essential incomes for the those engaged in the

²⁵ The World Bank has supported PERSGA through an intervention in the past, especially to build the technical capacity to deliver its mandates: Red Sea and Gulf of Aden Strategic Ecosystem Management GEF Project (P113794) closed in 2018.

²⁶ PERSGA member states include Djibouti, Egypt, Jordan, Saudi Arabia, Somalia, Sudan, and Yemen

²⁷ <http://persga.org/jeddah-convention/>

²⁸ <https://www.unep.org/explore-topics/oceans-seas/what-we-do/working-regional-seas/regional-seas-programmes/red-sea-and-gulf-of-aden>

²⁹ FAO Regional Office for the Near East and North Africa and the FAO Fisheries and Aquaculture Department, in collaboration with Egypt, Saudi Arabia, Sudan, convened a regional meeting in 2016 for the establishment of the Red Sea and Gulf of Aden Aquaculture and Fisheries Organization (RSGAFO). While the decision on the RSGAFO is still pending, the RSGA states have agreed to adopt a protocol to support the regional cooperation on fisheries and aquaculture under PERSGA.



fishery value chain. Yet, fishery resources face overexploitation and poaching by international industrial fishing fleets. Yemen lies on the Red Sea, the Arabian Sea (including Gulf of Aden) and the Indian Ocean, which are noteworthy areas that provide fish which forms a significant component of coastal population's diet and livelihood. Fish wealth is a major renewable natural resource of Yemen as well as a primary national source of income. Prior to the conflict, more than 350 species of fish and other marine life in the territorial waters made Yemen a major fish producing country in MENA.³⁰ Moreover, a variety of ecosystems such as coral reefs and mangroves, support about 65 commercially important species including invertebrates (shrimp, lobsters, cuttlefish, sea cucumbers), pelagic species (yellowfin and longtail tuna, kingfish, queenfish, Indian mackerel, Indian oil sardines) and demersal species (groupers, emperors, jacks, bream).³¹ The total fish catch was about 160,000 tons in 2015, mostly associated with artisanal fishing. The National Fisheries Strategy (2012-2025) indicates that the country's fisheries are at serious risk of depletion, due to lack of appropriate management to stabilize the valuable stocks, especially in the coastal areas.

14. **The fishery sector provided job opportunities for more than half a million individuals,³² which supported 1.7 million people, forming 18 percent of the coastal population prior to the conflict.³³** It contributed up to 3 percent of the country's GDP as the third most important agricultural sector and second primary source of export earnings before the conflict.³⁴ Fisheries now contribute around 11.3 percent of the agricultural GDP, or around 1.7 percent of the overall GDP.³⁵ The sector supported the livelihood of about 3.2 percent of the population.³⁶ A workforce of 94,214 was directly employed, of which almost 75,000 were fishermen represented by 129 Fishery Associations. The fishermen and fishery associations have strong partnerships that facilitate production and sales flows. However, wholesalers, retailers and brokers are not aware of or open to joint ventures or partnerships. Most businesses in the fishery sector are individual fishermen who use their own or privately rented boats. Artisanal fishers currently operate in about 31,190 fishing boats and account for over 90 percent of total production.³⁷ While there is no state-owned fishing fleet, there are both state-owned and private docks and fish landing facilities. Private sector firms employed about 18,000 workers primarily in domestic wholesale and retail trade and fish exports.³⁸
15. **Fish is a key staple of the Yemeni diet, particularly of the coastal communities and food represents 60 to 70 percent of poor households' consumption expenditures.** Fish contributes to poverty alleviation, food, and nutritional security primarily in the coastal governorates of Hajjah, Taiz, Hudaydah, Aden, Lahj, Abyan, Shabwah, Hadramawt and Mahrah³⁹, and in other parts of the country, such as Sana'a. Food prices, including fish prices have continued to increase because of continued deterioration of the value of the currency and COVID-19 pandemic impacts, in addition to the on-going conflict. This increase in fish prices (combined with lower incomes of coastal communities relying on fisheries) makes fish unaffordable for many people. While fish is a staple of Yemeni diet, there is evidence there is still a significant number of the households who do not utilize fish at a level it could be utilized and lack of understanding of the nutritional benefits. According to IPC⁴⁰ Yemen recorded the highest level

³⁰ Ellaya, M. 2019. Fishing during the war? The impact of war on Yemeni fisheries. Published by Fisheries Conflicts: Case Studies (<https://ucsdonline.maps.arcgis.com/apps/MapSeries/index.html?appid=1d694c00fecc42759f6605837c386354>)

³¹ Ministry of Fish Wealth. 2012. National Fisheries Strategy (2012-2025).

³² Artisanal fishing dominated the sector, directly supporting the livelihoods of about 667,000 people (Alabsi and Komatsu, 2014).

³³ Ministry of Fish Wealth. 2017. Guide of Fishery Investment. p. 14.

³⁴ Alabsi N. and T. Komatsu. 2014. Characterization of fisheries management in Yemen: A case study of a developing country's management regime. *Marine Policy* 50: 89-95

³⁵ IFC (2022). *Fisheries Value Chain in Yemen*, Draft Report.

³⁶ National Fisheries Strategy (2012-2025), Ministry of Wealth, 2012

³⁷ IFC (2022). *Fisheries Value Chain in Yemen*, Draft Report.

³⁸ World Bank (2022). *Yemen Private Sector Assessment Report*, Draft, Yemen Financial and Private Sector TA.

³⁹ See Ellaya (2019), cited above.

⁴⁰ <https://www.ipcinfo.org/>



of malnutrition in 2020 (which is the highest ever recorded). 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, will be important for broader coastal communities beyond fisher families

16. **The conflict has caused severe damage to the entire fishery value chain.** It has taken the lives of many fishermen, destroyed fishing boats, landing sites, and storage and processing facilities, disrupted electricity that in turn has severely affected ice-production and cold-supply chain leading to deterioration of product maintenance and quality, limited fishermen's access to the sea, increased fuel prices affecting boat operation, disrupted transportation networks that heavily affected access to critical input supplies and fish product distribution networks both for domestic and export markets. Overall, the entire fish supply chain has been massively destroyed. The situation was also aggravated following cyclones. As a result, for example, only about 50 percent of fishermen in the Red Sea are believed to be still working in the sector.⁴¹ Job opportunities and fish production have declined considerably along the coast, which became war zones and traditional fishing decreased.⁴² This led to migration of people away from the coast in search of survival opportunities.⁴³ Yet, due to the severe humanitarian crisis affecting some parts of the country, the coastal population is gradually returning to fishing for survival. In addition, retailers, restaurants, and street vendors have been the most affected in the fishery value chain about 50 percent reduction in trade and related percentage of workers losing jobs. The fishery associations have also faced large losses due to the cessation of fish exports.
17. **Overall, the fishery sector remains vital for supporting job creation, livelihoods, and food security in Yemen.** Today, Yemen exports fish to almost 34 countries (down from 50 countries prior to the conflict) including neighboring markets, but also European and Asian markets, and the value of fish exports was US\$74 million in 2018⁴⁴ (which is sharply down from US\$289 million in 2013). Yemen is a major regional fish producer, accounting for more than 50 percent of fish production and exports across the RSGA. The sector still provides a main source of food security, earnings, and employment for Yemenis living along the southern coast, including in 50 localities along the Gulf of Aden and the Arabian Sea. There are 70,000 small-scale fishermen in this southern coastline, and fisheries is often the sole source of income for coastal communities.⁴⁵
18. **However, the size of fishery remains limited and contribution of the sector to the total economy still modest because of limited capacity across the fisheries value chain in Yemen,** including low quality of products, low productivity, insufficient availability of inputs and post-harvest losses exacerbated by inadequate marketing systems, low human resource capacity, lack of infrastructure, deficient access to modern technologies in fishing and processing the production, and challenges to access finance and markets. About two-thirds of fishing businesses do not have any access to loans or grants. Though the fishery sector has high competition, the value chain actors focus on volume rather than product differentiation and value-addition. As most fish is sold unprocessed, over 80 percent of the jobs are concentrated in the upstream of the value chain.⁴⁶

⁴¹ LSE Middle East Centre. 2018. The Impact of the War in Yemen on Artisanal Fishing of the Red Sea. LSE Middle East Centre.

⁴² Severe Food Insecurity Widespread in Yemen, Food and Agriculture Organization, June 21, 2016.

⁴³ Moreover, these conflict-related problems are exacerbated by other factors: climate change, which threatens seriously the livelihoods and infrastructure on the coastal zone; fishing irrespective of the restrictions declared by the MFW; and marine pollution caused by spilling oil, dumping sewage, and discarding undesired species in the sea.

⁴⁴ https://pdf.usaid.gov/pdf_docs/PA00WFZJ.pdf

⁴⁵ *ibid*

⁴⁶ A synthesis Report on Micro, Small and Medium Enterprises in Yemen with Potential COVID-19 Impact Analysis, UNDP, 27 May 2020.



19. **Although engaging in the country under the current context is subject to multiple risks, the risk of inaction is exponentially greater for the survival of Yemeni citizens.** Over 20 million people, about two-thirds of Yemen's population, is dependent on humanitarian aid.⁴⁷ The United Nations Office for Coordination of Humanitarian Affairs' Yemen Humanitarian Response Plan remains only half-funded, and by September 2021, several humanitarian response sectors have received less than 15 percent of needed funds.⁴⁸ This alarming situation means that several millions of people will be at even higher risks of famine and death. This calls for an urgent need of action to develop new ways to improve food security, nutrition, and livelihoods for the Yemenis at risk in a more sustainable manner. The proposed project aims to address this gap by investing in the fisheries sector, through re-engagement, in improving the fish value chain. The importance of enhanced institutional capacity, technology transfer and capacity building in science-based but practical and context specific effective management practices and controlling of fishing effort that do not impair resource productivity underpins the proposed operation. In addition, by incorporating key elements of sustainable fishery and scaling up the use of innovative technologies, the program aims to make a first step towards a sustainable blue economy in the region. Supporting private sector recovery in a fragile, conflict and violence (FCV) context through interventions in the fishery value chain contributes not only to enhancing food security, but such interventions can also address some of the drivers of fragility by (a) creating jobs, (b) improving households' income/livelihoods, thereby leading to better health and human capital outcomes, and (c) keeping the youth away from conflict-related activities. In addition, the regional approach of seeking regional cooperation to address transboundary challenges will add positive benefits to the country's fishery programs.

D. Relevance to Higher Level Objectives

(a) Rationale for a Regional Approach

20. **The RSGA fisheries is part of a closely linked and mutually dependable two larger coastal and marine ecosystems shared by eight countries of the region (seven PERSGA member states and Eritrea).** As a transboundary regional good, to ensure the health and resilience of the fish for long-term sustainability requires regional cooperation and coordination to limit the negative and enhance the positive externalities generated by national actions. The countries face common constraints with regard to their fisheries sector: weak governance, weak human and institutional capacity, and a fragile business environment. As described earlier, there are many challenges that are regional in nature and addressing them jointly will be beneficial to the countries. The experience gained from collaboratively addressing other issues such as pollution that impacts the coastal and marine waters of the RSGA and implementing joint actions provide the foundation to extend the cooperation and a focused attention to the fisheries sector. Recognizing the important contribution by the marine fisheries to regional and national goals – poverty reduction, food security, economic growth, balance of payments, value of natural capital – the RSGA countries have focused their attention to regional collaboration in the sector by preparation of a targeted Protocol concerning Cooperation in Management of Fisheries and Mariculture in the RSGA (referred as Regional Fisheries Protocol hereafter) that could eventually address their common concerns and needs related to fisheries.
21. **The SFISH Program is a high priority operation that will result in an important and timely effort to foster cooperation in managing fisheries in the RSGA region, and critical to the economies of the RSGA littoral member states.** This program will potentially open up a vast regional space to engage in mutually beneficial cost-minimizing fishery management of this shared resource, which otherwise would be costly for some of the countries and improve

⁴⁷ UN OCHA. (2021). Yemen Humanitarian Update (Issue 8). <https://reliefweb.int/report/yemen/yemen-humanitarian-update-issue-8-august-2021-enar>

⁴⁸ Ibid.



trade across the countries building on each state's comparative advantage. This first project of the program will provide an opportunity for reinforcing the only existing regional body PERSGA with the mandate to foster cooperation for fishery management in RSDA and further strengthen the adoption and implementation of the new Regional Fisheries Protocol of RSGA. In addition, as one of the largest fishing nations in RSGA, investments in Yemen will demonstrate the effective use of fishery resources aligned with regional and country visions and strategies, while significantly contributing to address immediate food and nutritional needs of its population, strengthening fishery-based livelihoods, responding to the continuation of domestic and international trade and climate vulnerabilities, and contributing to regionally beneficial actions.

(b) Rationale for Bank involvement

22. **The program is aligned with World Bank Group's (WBG's) strategic objectives at the global level.** Supporting the sustainable development of the fishery sector as a key contributor to the economy is consistent with the WBG's twin goals of eliminating extreme poverty by 2030 and boosting shared prosperity. The program is also contributing to the WBG's COVID-19 Crisis Response Approach Paper. The project is designed to contribute to the WBG Gender Strategy (FY16-23) including, enhancing human development program through building capacity, improving economic opportunities focusing on income generation, employment and access to inputs and financing.
23. **The program is fully aligned with the WBG's enhanced support to deepen regional integration in Africa and MENA region.** In its new approach to deepen the regional integration, the WBG is expanding its reach to include MENA region in its regional integration agenda to help strengthen dialogue on a continental integration and to engage the private sector in North Africa to assess opportunities for scaling-up their investments in other parts of the continent.⁴⁹ Promoting trade and market integration through trade facilitation within the region, supporting value chains, focusing on resilience and efforts to help address food security, working with partners to address issues related to internally displaced populations (IDPs), and a special emphasis on fragility and conflict are some of the key features of the new regional integration agenda to which this program directly relates to.
24. **The program is aligned with MENA Regional Strategy's 2021 update which highlights the need to invest in a blue economy under the green, resilient, and inclusive recovery (GRID) approach by promoting a sustainable and resilient fisheries sector that contributes to the livelihoods of marginalized populations and those affected by fragility and conflict.** The Strategy's four main pillars (renewing the social contract, regional cooperation, resilience to internally displaced persons (IDP)/refugee shocks, and recovery and reconstruction) are supported by proposed program through regional integration of the fisheries sector, support IDP communities, and resilience-building. The project also responds to the MENA-wide platform to mitigate the socioeconomic impacts of the COVID-19 crisis. The program also supports the five goals to boost climate resilience within the regional **MENA Climate Action Plan**: (a) raising climate co-benefits for IDA/IBRD lending; (b) increasing share of adaption co-benefits; (c) supporting policy reforms; (d) leveraging WBG instruments to support private investments; and (e) enabling collective action.
25. **The proposed first phase of the program is fully aligned with Yemen's Country Engagement Note (CEN) for FY22-23 (Report No. 169022-YE), supporting the *people* of Yemen and preserving the *institutions* that serve them, the new CEN will focus on the following areas: (i) support for basic service delivery and human capital preservation; (ii) promote food security, resilience, and livelihood opportunities through a "continuum of support".** Specifically, by providing key inputs and basic infrastructure, the proposed project will improve the livelihoods and economic opportunities of targeted fishery sector players and enhancing food availability and accessibility for rural

⁴⁹ World Bank Group, 2021. Supporting Africa's Recovery and Economic Transformation.



households, thus contributing to extending support to livelihoods, human capital, and basic economic recovery. Moreover, through its capacity building activities and technical assistance, the proposed program is expected to improve the fisheries governance at the local level to ensure long term sustainability of the resource, thus contributing to continued support for basic service delivery and institutional preservation.

26. **This project is also aligned with the Yemen Remaining Engaged in Conflict (RECA) Eligibility Note of 2020.** The project aims at improving governance of the fishery sector at the sub-national level with the communities, fisheries cooperatives and associations taking leading roles to ensure the resilience and effective management of the fishery resources, increasing household food security by contributing to availability and accessibility of nutritious food and creating livelihood and economic opportunities, thus contributing to the RECA objective of preserving institutions, human capital and basic economic recovery. Developing the fishery sector diversification plan, introducing responsible fishery practices and the associated capacity building will further contribute to the achievement of the RECA objective of continued support for basic service delivery and institutional preservation. While the World Bank (WB) will continue to rely on its unique partnership with United Nations (UN) agencies as recipients of IDA grants in Yemen's exceptional circumstances, it will also reinforce its focus on capacity building of local partners and engagement with the private sector, with a view to gradually increasing their role in the project management.
27. **The project is also consistent with Yemen's strategic development and fishery sector visions and aims to collaborate with a range of Yemeni national institutions.** The **Strategic Vision 2025**, identified fisheries as one of the most promising economic sectors, with significant trade potential on international markets, job creation and contribution to food security.⁵⁰ The **National Fisheries Strategy for 2012-2025**, aims at enhancing the fisheries sector contribution to the national economic growth, while ensuring the environmental and resource sustainability, improving community livelihoods, strengthening the food security needs and creating jobs, focusing on empowerment opportunities for youth and women.⁵¹

II. PROJECT DESCRIPTION

A. Project Development Objective

28. The Development Objective of the overall proposed program with series of projects (SOPs) is to promote regional cooperation for sustainable fishery management in the RSGA region and strengthen the effective fishery production and value chain in RSGA countries.

PDO Statement

29. The Development Objective of this first project of the program is to strengthen mechanisms for regional collaborative management of fisheries in the RSGA region and improve the effective fishery production and value chain in Yemen.

PDO Level Indicators

30. The progress towards the achievement of the PDO will be measured by the following outcome indicators:

⁵⁰ Ministry of Planning and International Cooperation. 2002. Yemen's Strategic Vision.

⁵¹ Ministry of Fish Wealth. 2012. National Fisheries Strategy 2012-2025.



Outcome 1: Mechanism for collaborative management of fishery strengthened for RSGA region

- Regional mechanism for collaborative management of fisheries in the RSGA region adopted by at least four PERSGA member states.

Outcome 2: Fishery value chain strengthened in Yemen

- 5,600 beneficiaries with job-focused interventions, of which 1,680 are women.
- Sixty percent of the beneficiary households experienced at least ten percent increase in their per capita household income from the baseline situation.

Outcome 3: Capacity developed for effective management of fishery in Yemen

- Two sub-national climate informed participatory fishery management plans implemented.

B. Project Components

31. **Component 1: Strengthening regional collaboration in management of marine fisheries and aquaculture in the RSGA region (US\$3.5 million equivalent).** This component will aim to strengthen and sustain regional collaboration through support to science-based management of fisheries in the RSGA, development of a regional platform for coordination of policies, legislation, management plans and measures for responsible fisheries and aquaculture and use of ecosystems approaches, and support to regional level capacity building and technical assistance program on management of living marine resources responding to both anthropogenic and climate induced changes. This Component will be implemented by PERSGA. Specifically, the component will include:

- (a) ***PERSGA Regional Information Management System (RIMS), monitoring network and institutional capacity.*** Building the capacity of PERSGA, as a regional organization, to compile data on catch and fishing effort and analyze the relevant statistics received from its member states and make this information available to its member states as assigned to PERSGA by the regional convention and derived regional protocol, including improving RIMS hardware and software and networking for integrated functions; supported for its capacity for processing, analyzing and utilizing fishery data to support science-based policies and their implementation in the RSGA region; support for PERSGA system capacity for monitoring marine environment; promoting system capacity for design and communication tools; and updating institutional guidelines and promoting PERSGA's capacity in resource management, accounting policies and procedures, financial reporting and monitoring, procurement procedures, project cycle management, risk assessment; and environmental and social risks and impacts assessment, planning and management.
- (b) ***Regional platforms for capacity building and regional coordination of sustainable fisheries and aquaculture in the regional management mechanism.*** This will provide capacity development, technical assistance and effective coordination on fishery management at the regional level under the [Jeddah Convention] and the related regional protocols, including the [Regional Fisheries Protocol for RSGA]; support for developing technical manuals and a regional mechanism to share information with member states on fishery statistics and knowledge; developing technical guidelines and conducting training programs for national capacities on fisheries statistics and sustainable management of fisheries and aquaculture; support for developing technical guidelines, and provision of operational costs and technical assistance, for the establishment and maintenance of regional platforms to effectively coordinate efforts in fisheries management, policies and legislation; protection and restoration of critical fish habitats; biosecurity in aquaculture, and regional mechanism to interact with relevant international efforts; technical assistance and provision of operating costs for developing



toolkits for effective fisheries monitoring; support for developing a Regional Plan of Action for combating Illegal, Unreported and Unregulated fishing (RPOA-IUU), and other specific action plans concerning conservation of vulnerable non target species.

- (c) ***Citizen, private sector, and development partner engagement in the regional sustainable fishery mechanism through enhanced knowledge management, communication strategies and awareness.*** This will provide technical assistance, consultations, and operating costs for supporting citizen, private sector and development partner engagement; raising awareness through effective communication and reporting on regional cooperation actions; building PERSGA's capacity to make use of the information and process of joint assessment of RSGA fisheries status and trends in the RSGA large ecosystems; and its feedback to policy instruments at the regional level, and to assist facilitate their implementation; developing special awareness activities; development of technical guidelines for best practices in knowledge management for specialists and a regional platform for sharing knowledge, and facilitating linkages to research and development institutes addressing issues related to sustainable fisheries and aquaculture management in the RSGA region.
32. **Component 2: Improving Economic Opportunities, Food Security and Effective Management of Fishery Production in Yemen (US\$35.14 million equivalent).** This component includes two sub-components which will be implemented by the United Nation Development Programme (UNDP).
33. **Sub-component 2.1. Improving the resilience of the fishery value chain for sustained livelihoods (US\$34.80 million equivalent).** The first sub-component primarily aims to support actions to improve fishery production and quality by reducing post-harvest losses and improving climate resilience and access to markets, thus contributing to restoring fishery sector related livelihoods and create economic opportunities. It will also promote interaction and networks between fishers, micro and small fish processors, wholesalers, and retailers to improve access to markets in targeted coastal areas.
- (a) **Micro grants by Small Micro Enterprise Promotion Service (SMEPS) to fisher households and micro and small enterprises engaged in the fishing value chain:** This will provide support to small-holder fishers and micro and small enterprises (food producers, processors) engaged in the fishing value chain to procure assets and equipment to help to increase productivity, reduce production costs, reduce post-harvest losses, improve household income and food security. The support will be provided only for small holder fishers undertaking fishing activities that do not contribute to destructive fishing practices, illegal fishing, and fishing of protected species. The grant amount would range between approximately US\$1,000-2,500.
- (b) **Micro grants by SMEPS for entrepreneurship and business development opportunities for women and youth in the fishery value chain:** This will support improving entrepreneurship and business skills, micro small and medium enterprises linkages and market access, enhancement and products in the fishery sector, etc. through a matching grant scheme which would support the restoring or establishing their livelihoods and developing and strengthening their own enterprises (individual and groups) and creation of business-to-business network and information sharing. This activity will consultatively identify socially acceptable entrepreneurship and wage employment opportunities for females in the project target areas (at least 30 percent) and have measures to address potential gender-based social norms and violence associated with women participating in a male-dominated sector. Based on need, a gender specialist will be hired by implementing partner to engage with fisherwomen and incorporate their feedback into activities. The grant amount would range between approximately US\$5,000-12,000.



- (c) **Matching microgrants by SMEPS for fishery associations and cooperatives to improve production:** This will support to develop and improve their institutional set up for business continuity such as better systems in finance, accounting and linkages to exporters and traders, improve quality standards across the value chain (sorting, packaging, and marketing) and capacity to undertake multi-day fishing. Any fishing related activities will be provided only for fishing activities that do not contribute to destructive fishing practices, illegal fishing, and fishing of protected species. The matching grants will range between US\$15,000 to US\$20,000 to improve institutional capacity 30 associations/cooperatives and US\$60,000 for 5 model associations with 50 percent match between the grants and contributions from the respective association/cooperative.
 - (d) **Restoration and development by Public Works Project (PWP) of key fishery assets:** This includes improving landing sites, supplying fixed and/or mobile cold storage facilities, use of clean technologies such as solar for ice production and for energy generation for auction facilities, and a digital information system hosted by the General Authority of Fishing (GAF) to provide real time pricing information in different markets for fish products and to transmit early weather warnings to the fishers and fishing communities to improve climate resilience in the coastal communities. This activity will ensure opportunities for beneficiaries to participate in the civil works that would provide them with additional short-term income. The designs of the infrastructure will be climate resilient especially from potential flooding, inundation and sand accumulation and have provisions for differently abled beneficiaries to access them. They will also ensure gender-sensitive sanitary facilities and facility level solid and liquid waste management systems.
 - (e) **Capacity building, training, and awareness creation to strengthen institutions, fisheries, and coastal communities:** This includes:
 - (i) Training of selected fishery associations and cooperatives for improved services including management of the fishery associations/cooperative, sustainable capture fishery production, fish processing and storing including management of post-harvest losses, marketing, equipment supplies and services, credit and financial schemes, and social services, management of fishing grounds and quotas; and
 - (ii) Training of fishers and other relevant coastal community members on sustainable fishing practices to strengthen the knowledge of fishers on long-term impacts of climate change and related potential adjustment to their livelihood, sustainable fishing practices so that marine ecosystem can withstand climate related shocks, use of advanced technologies (e.g. GPS), boat and equipment maintenance, handling and quality control of fresh catches, preservation of key habitats important for maintain fish diversity and fish breeding grounds, training in upstream and downstream activities of the fishery value chain, such as maintaining fishing nets, cleaning, processing, and handling fish products using appropriate health and sanitary measures, proper methods for drying and packaging fish.
 - (iii) Awareness raising on the nutritional benefits of fish and guidance on utilization of fish as a key protein source of coastal communities and beyond through various remote media such as radio and social media.
34. Funding for all activities above including capacity building, training and awareness creation will be channeled through SMEPS, except for the activity (c). Relevant local and national level business associations and chambers will be engaged in developing and delivering some of the trainings related to sustainable fishing practices, maintaining hygiene and sanitary aspects of handling, processing, and packaging fish products to maximize their market values. Yemeni Fishery Exporters' Association will partner with the project on these aspects as their exports are affected by many of these factors related to sustainable fishing practices and preserving the quality of the catches. Where matching grants are required, SMEPS will facilitate access to financing from local financing institutions that would be directly channeled to the beneficiaries. The beneficiaries will be selected in a fair, transparent, and equitable manner and are not benefiting from parallel projects (WB-financed or otherwise) and will be detailed out in the



Project Operations Manual (POM) to be prepared in consultation with the stakeholders.

35. **Sub-component 2.2. Governance systems and knowledge developed for effective management and climate resilience of fisheries (US\$0.34 million equivalent).** This sub-component aims at developing local governance systems and knowledge to effectively manage fisheries and ensure climate resilience that aligns with the fishery sector strategy of Yemen and Component 1 and will contribute to the implementation of the principles of Regional Fisheries Protocol for the RSGA.
- (a) **Establishing of sub-national fishery governance committees led by GAF:** This activity aims to complement the implementation fishery strategies and regulations related to management of fisheries and other marine resources. These sub-national governance committees will act as coordinating and consultative platforms for stakeholders (that include representatives from fishery authorities, fishers and other involved in the value chain, academia, and business chambers and associations) and will monitor the adherence of key principles important for effective management of fisheries such as regulating the fishery associations and cooperatives to provide equitable services to their membership, responsible fishing practices and community-based fishery management. The sub-regional fishery governance committees will be trained on the long-term impacts of climate change, and related to that, on potential adjustments to fishing practices supporting the climate-resilience of fisheries sector and with positive spillover effects such as reduction of illegal fishing outside the country jurisdiction, improvements to fish habitats and protection of important ecosystems, etc. in the RSGA region. The membership of the representatives for the committee and key management principles will be identified through a citizen engagement process and will be included in the POM.
 - (b) **Establishing approaches for regular fishery data collection and reporting under limited capacity setting:** Regular collection of fishery data will contribute to sub-national governance decision making and also to contribute to regional reporting. Given the capacity and access limitations, utilization of a simplified fishery data indicators will assist to assess challenges that impacts the sector and proxy status of fish stocks.
 - (c) **Study on fishery sector diversification and development of a business model:** This activity aims to address challenges such as the combined depleting effect of climate change and over-exploitation of capture fishery, current limitations of accessing less utilized fishing areas and respond to climate shocks. The project will undertake a study to assess the past efforts, opportunities, feasibility (technical, financial, environmental, and social) and inputs needed to diversify the sector and develop a business model for medium to long-term investments.
 - (d) **Developing sub-national fishery management plans:** These aims to respond to short-term needs of the sector and beneficiaries under the current humanitarian context and to develop the medium to long-term needs of the sector. These management plans will also ensure the scarce resources to the fishery sector is better utilized and targeted reducing potential overlap of interventions and investments and create complementarity. It will utilize evidence from fishery stock assessment that is conducted by Food and Agriculture Organization (FAO) and other related studies undertaken recently including fishery value chain studies of UNDP and International Finance Corporation (IFC) and sector diagnostic by FAO and recently concluded, on-going and planned investments of various development partners. The project will support developing and piloting two management plans and will ensure they are climate informed and have capability to monitor and adjust plans for fishing to prevent unintended authorized overfishing and to allow natural ecosystems to regenerate to avoid depleting fish stocks to build ecosystem resilience to climate change. They will be developed using participatory approaches, especially consulting relevant line ministries and departments, development partners, academia



and think tanks, civil society organizations, international and local non-governmental organizations and private sector chambers and associations and utilizing the sub-regional fishery governance committees which will monitor the implementation of the plans, coordinate the support to effectively develop the fishery sector in targeted areas, make updates to respond to changing circumstances and needs and share knowledge.

36. **Component 3. Project Management, Monitoring and Evaluation and Reporting (US\$4.40 million equivalent).** This Component includes two sub-components:
37. **Sub-component 3.1. Program Coordination, project management, monitoring and evaluation and reporting by PERSGA (US\$0.35 million equivalent).** This includes technical assistance, training, operating costs, and goods for PERSGA for management of the regional activities ensuring technical, fiduciary, environmental and social, parameters. This will support ongoing communication activities to raise awareness about the SFISH Program and implementation progress, will ensure effective engagement of stakeholders at the RSGA level and develop and maintain a grievance mechanism (GM). A Program Coordination Committee will be set up for the technical teams of PERSGA, UNDP and other implementing entities of the countries that would participate in the future. It will be chaired by the head of the Project Coordination Unit (PCU) of PERSGA to ensure coordination of joint activities, monitor and report on the contribution of country activities to regional objectives, and knowledge management.
38. **Sub-component 3.2. Project management, monitoring and evaluation and reporting by UNDP (US\$4.05 million equivalent).** This includes technical assistance, training, operating costs, and goods for UNDP PCU for national implementation in Yemen ensuring technical, fiduciary, environmental and social including gender, parameters. This will support ongoing communication activities to raise awareness about the project and implementation progress and to ensure effective citizen engagement. This sub-component will develop, conduct, and manage country-level monitoring and evaluation of investments, share information and results throughout the region. This will also finance the monitoring and evaluation (M&E) system and Management Information System (MIS), and a third-party monitoring (TPM) mechanism and establish and maintain a GM. The M&E is expected to be strengthened by using the Geo-Enabling initiative for Monitoring and Supervision (GEMS)⁵² for real time data collection and reporting and feed into the M&E and MIS systems as appropriate.

Project Financing Instrument

39. **The SFISH program will include a series of projects (SOP) with countries in the RSGA joining the program based on their readiness.** Initial expression of interests to be part of the program came from Yemen and Djibouti. Yemen, with the on-going support to fisheries sector by other development partners, strong recent analytical underpinning and existing fishery sector vision and strategy, was assessed to be ready to be part of the program. Djibouti with its new vision of private sector engagement will require readiness actions including assessment and improvements to the legal and institutional framework in line with the new vision prior to investing at the country level. In addition, fisheries could contribute significantly to Djibouti's food security challenges. During the PERSGA's National Experts Meeting held of April 14, 2022, as part of the discussion on the Portfolio of Regional Initiatives for Transforming to Sustainable Blue Economy, all PERSGA member states representatives have expressed interest to participate in the SFISH Program with a written expression of interest received by PERSGA from Sudan. With the Protocol concerning Cooperation in Management of Fisheries and Mariculture in the Red Sea and Gulf of Aden to be adopted and ratified

⁵² 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). GEMS will also allow for establishing a digital platform for remote supervision, real-time environmental and social monitoring, and portfolio mapping for coordination with other relevant operations in the region.



this year, PERSGA will assist the regional countries to be ready for investment support in the future phases of the SOP.

40. **To promote the fishery sector as a key vehicle for promoting food security and economic opportunities in Yemen and in RSGA countries, first and foremost the fishery resources need to be developed and managed in a sustainable way.** The sustainable management of RSGA shared fisheries resources requires coordinated actions of RSGA member countries at the country level. Such collective actions for optimal use and development of the shared resource can be identified if the countries collect fishery sector data, synthesized regionally, and coordinated policy decisions taken for the management. In the RSGA region, the focus towards regional cooperation for capture fishery and aquaculture has been limited until recently. There is no dedicated fishery commission in RSGA and therefore, PERSGA has stepped into supporting its member countries to collaborate in the management of fisheries in the region. PERSGA has developed a protocol within its mandate under Jeddah Convention, to address some of the regional challenges of the sector. There is also a poor coordination among the member states and within different interest groups/institutions within the countries, limited knowledge of fish stock and their status in the respective territorial waters, incomplete policy, legal and institutional frameworks at country level (or inability to implement them fully such as in Yemen due to the crisis), monitoring, control and surveillance systems and enforcement capabilities. These constraints are further compounded by, the destruction or absence of fishery infrastructure and assets, absence of low-cost technologies for effective production and inadequacies in access to finance, deteriorating security and pandemic conditions, high cost and lack of fuel and energy sources, poverty reduction and food security and climate change risks and impacts.
41. **Fishery management is regional in nature is critical to ensure their sustainable contribution to the region's economies, food security and to manage transboundary challenges as described under Section I sub-section C.** Addressing them requires action at the national level, which will yield important regional benefits, enhance country ownership and efficiency, and strengthen national/sub-national institutions. The design follows, stratifying interventions at the regional and country level. Interventions that are transnational will be managed at the regional level through PERSGA (Component 1). Most of the activities will be implemented at the national level (Component 2 of the current project and future projects) that would focus on the improvement of fishery development and value chains of the participating countries.
42. **The regional approach is essential to avoid negative externalities and to ensure that national efforts are not futile by actions of others as a result of transboundary fisheries.** This includes the involvement of the regional organization and one country with other countries providing initial expression of interest for future participation in the SFISH program during the meeting on Regional Initiative to Preserve the Environment of the RSGA towards Economic Prosperity and Healthy Marine Environment 2022-2026 on April 14, 2022, its benefits spill over country boundaries, there is a commitment of PERSGA member states to a regional approach with the agreement to develop a specific Protocol, and through continued support to PERSGA provides a platform for a high-level of policy harmonization between countries as part of the regional strategy. To facilitate the eventual participation of the RSGA countries at a programmatic level, the proposed program will establish a regional platform under PERSGA, acceptable to its member states that would collectively identify solutions to regional challenges to sustain fisheries, related local actions and the joint monitoring of regional agreements, and promote and enable bilateral and intra and inter-regional collaboration and integration. Future projects under the program will include continued support to PERSGA and national interventions. PERSGA satisfies the technical criteria for accessing Regional IDA grants, as described in Annex 1.



43. **This first SOP of the SFISH program will be financed using an Investment Project Financing (IPF) instrument amounting to US\$45 million equivalent.** This would include two IDA grants, with US\$31.28 million from regional IDA and US\$13.72 million from Yemen National IDA. This first project will focus on (a) building the capacity of PERSGA to deliver its new mandate of fostering cooperation of RSGA coastal states to sustainably manage fisheries and aquaculture in the region building on the previous capacity building efforts by the WB; Red Sea and Gulf of Aden Strategic Ecosystem Management Global Environmental Facility (GEF) Project (P113794); and (b) as the first comprehensive reengagement in Yemen, this first SOP will support the development of the fisheries to improve the livelihood opportunities for the coastal communities and will build capacity for effective management of fisheries with spillover effects at the regional level. The project would have an overall duration of four years with the possibility of additional financing to further strengthen PERSGA’s role and scale up the investments in Yemen.

Project Costing

44. Table 1 represents the estimated project cost to support the full project.

Table 1. Project cost by component and source of financing

Project Component	Project Cost (US\$ million equivalent)	IDA financing (US\$ million equivalent)	
		Regional IDA	Yemen National IDA
Component 1	3.50	3.50	NA
Component 2	35.14	22.70	12.44
Component 3	4.40	3.18	1.22
UN Agency Fee	1.96	1.90	0.06
Total Project Cost	45.00	31.28	13.72

C. Project Beneficiaries

45. **At the regional level, member states (especially Yemen), experts, and fisheries industry in the RSGA will benefit from (a) data and information availability on the status of fisheries; (b) improved knowledge to formulate policy on common agenda and monitor the implementation; and (c) technology transfer and knowledge sharing from project activities.** Private sector stakeholders including enterprises engaged in fishing, or providing services to the sector, fishing fleets, and local and international investors are important regional players and will benefit indirectly from the regional interventions.
46. **In Yemen, the main project beneficiaries⁵³ will be the households engaged in fishery value chain which forms an essential component of their livelihoods and affected by food and nutritional security in the targeted governorates.** The project will overall target 5,600 households (and an additional 29,400 indirect households) to improve their economic well-being and food security in four governorates. The project will encourage the participation of youth (18 – 32 years of age) through the community outreach programs for skills development and participate in infrastructure development and coastal fishery ecosystem preservation activities, which would create temporary jobs. The project will specifically target women with provision of training to develop their skills, aimed at restoring or establishing their livelihoods, and starting their own enterprises. The micro grant program for fishers and micro and small enterprises engaged in the fishing value chain will target 4,200 individuals. An entrepreneurship development program would benefit 1,600 women (at least 30 percent) and youth to increase their participation

⁵³ The beneficiary targets to be updated based on the completion of the on-going assessment



fishery value chain and reduce the burden of food insecurity. In addition, 35 fishery associations and cooperatives with at least one women-led association will be supported to build institutional set up and to deliver their services.

47. **Activities to improve the effective management of capture fishery including related capacity building will benefit all fishers (including the project targeted as well as others in the selected geographic areas) currently employed in the fishing sector (fishers, and other involved in the value chain) and about 550 representatives of GAF and fishery associations/cooperatives.** The project will support these beneficiaries to make collective decisions to ensure equitable benefit sharing, monitor and reduce harmful activities to the fishery resources and their environment. Additionally, the national and local sector institutions will benefit from capacity building activities on fishery management. There will be cascading benefits for people in Yemen who are associated with fishing, such as in supply of fishing gears, traders, aggregators, exporters; experts, researchers, and others involved in sector with the improvement to the value chain. Over 500,000 people are expected to also benefit from awareness activities especially on food security, nutritional and health aspects.
48. **The project is expected to be implemented in selected four southern coastal governorates in Yemen where a large share of households are engaged (or have been engaged in past and returning back) in the fishery sector for their livelihoods, fishery contribution to local economy and those that have not benefitted from other fishery development activities/programs.** Project sites within the targeted governorates based on poverty level of fishery communities and food security needs, previous existence of fishery production and distribution system and environmental impacts (risks to critical coastal ecosystems important for fisheries, illegal fishing, over-fishing) and feedback from stakeholder consultations will be given priority. The project will be implemented in areas which are accessible and where development interventions can be implemented. The project targeting (especially the target sites) will be kept flexible, to make future adjustments due to changes to such as accessibility, and security concerns. Currently, the targeted governorates include Aden, Al Mahrah, Hadramout, Taiz. Project beneficiary targeting for various activities will be described in the POM.

D. Results Chain

49. **The overall program will address fishery sector challenges using an integrated approach in the RSGA region, Yemen and other countries that would eventually join the program.** This approach combines: (i) supports to strengthen institutional capacity of PERSGA to foster the regional cooperation in the management of fisheries in RSGA, and (ii) investment in country-specific activities to develop the fishery sector effectively including actions to reduce negative impacts of capture fisheries to sustain the fishery resource across the RSGA region. Without the proposed project, the situation in RSGA region and particularly in Yemen would further deteriorate. More specifically, without the program (i) transboundary challenge of sustainably managing fishery in the RSGA, (ii) reduced fish production, loss of markets, inability to socio-economically benefit from the fishery sector in Yemen, and (iii) reduced resilience of fisheries sector to climate change impacts in Yemen and in the region would persist and even aggravate, with negative consequences on food security, malnutrition, and poverty. Figure 1 illustrates the Theory of Change of the program.
50. **The program adopts a flexible design approach,** which (a) adapts to the changing needs resulting from the ongoing crisis in Yemen and other risks in the region, (b) incorporates feedback from stakeholder engagement, and (c) creates the enabling environment through PERSGA for other countries in the region to participate in the future; and (d) design elements to reduce vulnerability of fisheries sector to climate change risks and impacts. The program also promotes improved governance and institutional capacity for sustainable growth of the fishery sector and regional integration. It takes the following assumptions which are external to the program into consideration: (a) security in



the region and countries will not deteriorate; (b) inputs necessary for the project activities can be accessed by the countries and implementing agencies; (c) national and local governments and communities support the program; (d) COVID-19 restrictions will ease up; and (e) there will not be future shocks that will change priorities or delays to implementation.

E. Rationale for Bank Involvement and Role of Partners

51. **The WBG has been at the forefront in supporting the management and development of the blue economy in the MENA region, including the RSGA region.** It has provided initial capacity building to PERSGA⁵⁴ to ensure the coastal and marine environment of RSGA is conserved to maximize the benefits derived from this area. The WB's convening power will also be a critical asset to the project to foster cooperation across sectors, boundaries, and development partners, and especially in integrating country-level enhancements for sustaining the fishery sector. In addition, the WB's experience in developing and implementing similar operations both at the regional and country level in West Africa, Indian Ocean, Caribbean and the Pacific and expertise developed will bring significant value-added to the achievements of this project.
52. **The WBG's added value also includes its continued engagement in fragile and conflict situations, and it is well placed to deliver range of response mechanisms, from immediate response, to medium to long-term recovery, reconstruction, and development.** It can draw on extensive experience in fragile and conflict countries including in Yemen, and lessons from supporting communities engaged in the fishery sector to protect the livelihoods and support recovery and resilience. It brings multisectoral technical and project management expertise, processes to work under challenging circumstances, access to financial resources, ability to maintain client relationships and develop partnerships and coordinate support.
53. **Partners at the regional and national level and the WBG's efforts to build a strong collaboration to respond to the client needs while ensuring technically comprehensive interventions to achieve development outcomes is relevant.** These partnerships would help to deliver the project more effectively and efficiently, tapping into additional expertise, presence on the ground, especially in fragile and conflict situations, technical knowledge, project management capabilities, country knowledge, tested approaches and ability to adapt to changing needs and circumstance.
54. **The technical design of the project was developed through close collaboration and consultation with PERSGA and UNDP, and feedback received from Ministries and Departments of fisheries and planning and other national and local stakeholders during various consultations and assessments.** Its design builds on the WBG's previous engagements at the regional level and Yemen in particular, drawing on analytical work and investment support from IFC at the country level and also closely coordinating with other development partners engaged in the recent past and currently in the fishery sector.

⁵⁴ Under the Red Sea and Gulf of Aden Strategic Ecosystem Management Global Environmental Facility (GEF) Project (P113794)

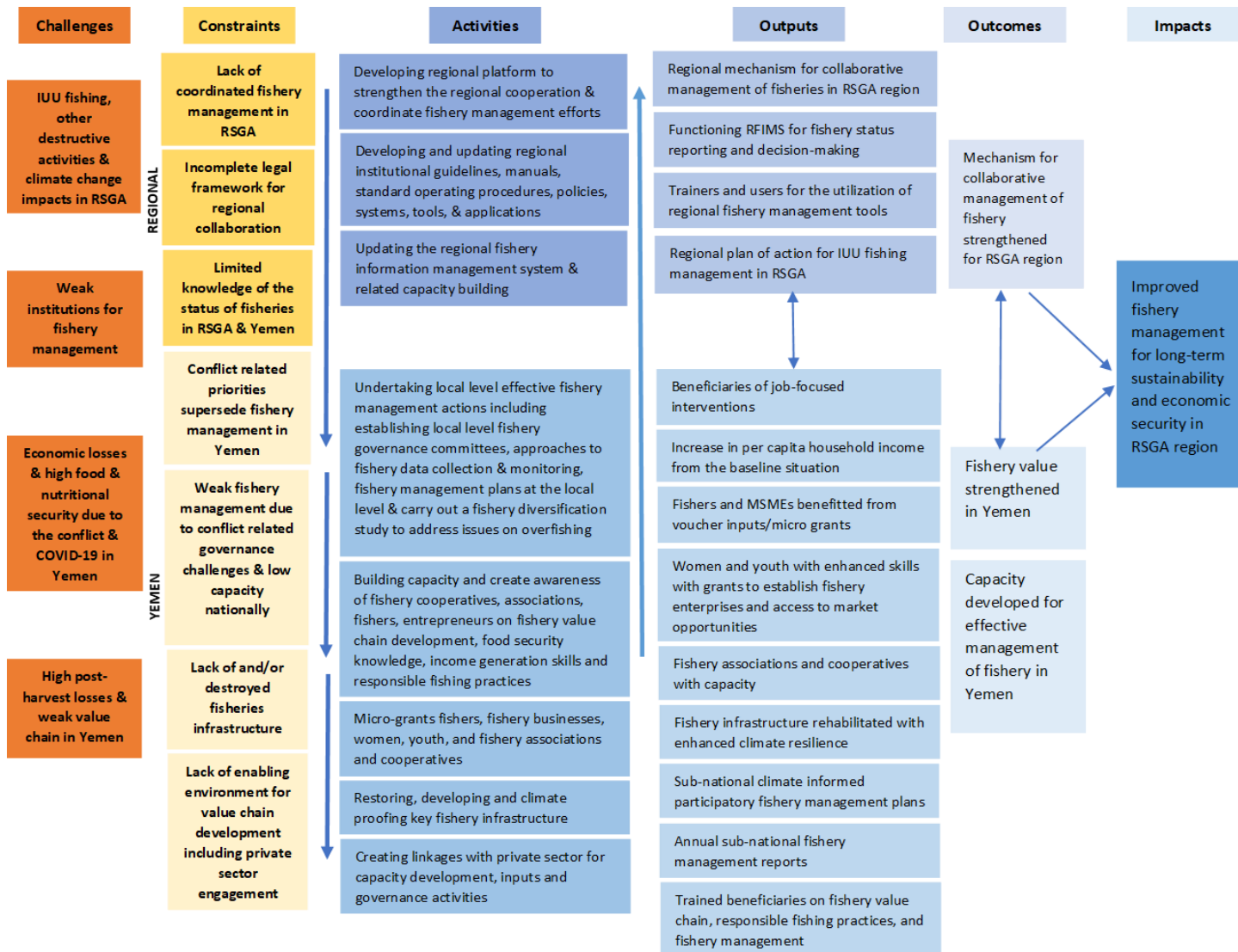


Figure 1. Project's Theory of Change



F. Lessons Learned and Reflected in the Project Design

55. **The project is built upon recently concluded and on-going related operations of the WBG and other development partners within Yemen, the RSGA region, and globally.** The FAO links the potential for fisheries development to 9 SDGs,⁵⁵ demonstrating the broad reach of this sector toward achieving sustainable development. From a sector perspective, learning from many regional and country-specific fishery and related operations of the WBG, specially to ensure better management of fisheries, the project draws on lessons learned from several projects, including West Africa Coastal Areas Resilience Project, West Africa Region Fisheries Program and Southwest Indian Ocean Fisheries Program. These lessons include: (a) building foundations of legal setting, strong institutions, enabling business environment and human capacity is important, for current and future investments to be successful. This project, therefore, will provide significant support to develop human resources and skill upgrading; apart from ensuring that the institutions at regional level in the case of RSGA region, and local levels in the case of Yemen, are strengthened; and (b) reform of the fisheries sector require an extended time horizon and sometimes sequential engagement, understanding and commitment from relevant authorities and institutions, and continuous support for capacity-building (both top-down and bottom-up). The project design is therefore stratified at regional and country level, addressing gaps and changes needed strengthen the role of regional entity (PERSGA), flexibility needed in Yemen where the local circumstances are dynamic, humanitarian needs such as food security and income generation for most affected are priority and identifying the necessity to be engaged in the sector for long term for positive medium to long term changes towards sector reforms.
56. **In Yemen, actions to reduce food insecurity, including those outlined in the WB's ongoing Yemen Risk and Resilience Assessment, highlights the need for greater food production within the country.** Studies of Yemen's fisheries sector have shown the sector's losses result from poor practices related to capture methods, on-board/onshore handling, and preservation.⁵⁶ Previous and ongoing programs have focused on both livelihoods and health outcomes that result from these practices, though they face steep challenges due to the ongoing conflict. The government of Yemen implemented five fisheries projects since the 1970s, supported by WB and co-financed by the European Union, UNDP, and others). The first three projects, implemented in the 1970s and 80s, interventions focused mainly on providing fishing boats and building fishing ports, processing facilities, receiving stations and cold storage facilities. The fourth project, implemented in the early 1990s, aimed to increase fish catch, improve market efficiency and connectivity, and provided technical assistance related to research and women's involvement in the fisheries sector. The fifth fisheries project, implemented from 2010-2015, improved fisheries management by the Ministry of Fish Wealth (MFW), supported fisheries infrastructure and fish quality, provided cooperative and livelihoods development for fishing communities, and supported MFW's project planning and design of future ports and landing sites. The fisheries sector in Yemen has been the focus of operations including UNDP's Economic Diversification Support Program for Yemen (Fisheries Component); the Yemen Fisheries Investment Project financed by International Fund for Agricultural Development (IFAD), Islamic Development Bank, and the European Union;⁵⁷ and large-scale and series of fisheries projects funded by the WBG in the decades before the 2015 war outbreak.⁵⁸ In recent years, the Saudi Development and Reconstruction Program for Yemen has supported the fisheries sector in various governorates through the distribution of modern fishing boats.⁵⁹ Smallholder Agricultural Productivity Restoration and Enhancement Project has demonstrated the importance of improving livelihood and nutrition and supporting selected value chains, including those involving women producers

⁵⁵ FAO Committee on Fisheries. 2020. FAO'S CONTRIBUTION OF FISHERIES AND AQUACULTURE TOWARDS ACHIEVING THE 2030 AGENDA.

⁵⁶ USAID. 2019. THE FISHERIES SECTOR IN YEMEN STATUS AND OPPORTUNITIES

⁵⁷ <https://www.ifad.org/en/web/operations/-/project/1100001387>

⁵⁸ USAID. 2019. THE FISHERIES SECTOR IN YEMEN STATUS AND OPPORTUNITIES

⁵⁹ <https://www.arabnews.com/node/1776936/saudi-arabia>



during times of crisis.

57. **Drawing on lessons from past and on-going projects in Yemen, the design integrates interventions to provide immediate responses and sustain recovery, while also strengthening resilience in the near, medium, and longer term.** The project supports a combination of livelihood and food security improvement interventions for families in the fishery value chain affected by the conflict and improvements to the local capacity for the management of fisheries, so that potential medium- to long-term negative impacts are not aggravated by negative short-term coping interventions. Therefore, adaptive crisis response coupled with the capability build for transiting towards resilience is core of the project.
58. **The magnitude and complexity of the situation on the ground require a combination of closely coordinated interventions, to achieve a balance between emergency response and resilience for those engaged in the fishery value chain.** The project will develop a mechanism to ensure close coordination between the WB's interventions and with other development partners, so a significant population is benefited by the project. Community involvement in the design and implementation of interventions at the local level is essential to ensure inclusion of the most vulnerable and for the sustainability of the outcomes of the interventions. UNDP's 2020 study on Fishery Value Chain (A market study with potential COVID -19 impact analysis supporting resilient livelihoods and food security in Yemen, and USAID's 2019 report on the Fisheries Sector in Yemen: Status and Opportunities found the importance of strengthening community capacity and citizen engagement to drive commitment drives commitment and self-governance, and transfer of skills and technology to strengthen the ability generate income and empowering women by increasing knowledge and employment opportunities brings immediate rewards as it improves the fishery value chain, nutritious food for the families, respect and recognition within the community, hence reducing gender rated barriers.
59. **Successful project implementation in challenging operating environments hinges on carefully considered partnerships and implementation support arrangements in Yemen.** This involves working with development partners whose presence on the ground can mobilize the support to the people of Yemen, but also building the local capacity for autonomy. The project has identified the key implementing partner based on the past performances, significant presence on the ground, technical and project management capability, and recent involvement in the sector, which are critical under the dynamic circumstances in the country for effective delivery of a project within a short time frame. Clear agreements on respective roles, responsibilities and open and candid lines of communication and the ability to respectfully navigate organizational differences are of importance when operating in crisis situations. Close supervision is also needed to track progress, communicate, and establish teamwork, hence the need to utilize technologies such as GEMS and Third-Party Monitoring.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

60. **PERSGA will be responsible for implementing the regional Component 1 and the supporting sub-component 3.1.** PERSGA has previously been supported by the WB including building its operational and technical capacity related to coordination of actions by the member states in the management of coastal and marine environment of the RSGA and building the technical capacity. PERSGA will be responsible for fiduciary, ensuring relevant environmental and social aspects and monitoring, evaluation, and reporting requirements. PERSGA will ensure timely project management and coordinate with the WB task team during trouble shooting. The terms of references for various



activities and related technical outputs will be reviewed by the WB for their technical quality. PERSGA will lead a Coordination Committee with the technical team of UNDP.

61. **UNDP will manage the Component 2 related to investments in Yemen and sub-component 3.2.** UNDP is the UN's development arm, and it is committed to supporting the peacebuilding and enhanced local governance in Yemen while delivering development initiatives to ensure sustained livelihoods and income generation. UNDP has successfully partnered with the WB in implementing the Yemen Emergency Crisis Response Project (YECRP) (P159053) and Yemen Food Security Response and Resilience Project (YFSRRP) (P176129). UNDP is also working closely with local partners and institutions to undertake training for beneficiaries. UNDP also have wider field presence at the regional and governorate level, hence the ability to quickly mobilize the beneficiaries and deliver the project activities. Based on the past and on-going experience, UNDP is fully familiar of the WB's fiduciary and environmental and social requirements. UNDP also has experience establishing M&E systems and utilization to ensure proper project management and accountability and using a TPM agent to monitor project implementation. UNDP has a good collaboration with FAO, which is essential, to link the on-going fishery stock assessment and diagnostic under the YFSRRP.
62. **The UNDP country team in Yemen will coordinate all relevant activities at the sub-national level, supported by the regional office staff who will monitor the activities in different governorates.** It will be responsible for the technical implementation of the Component 2 and Sub-component 3.2 and coordinating with PERSGA on activities related to Sub-component 2.2 and fishery management capacity building. UNDP will be responsible for the Component 2 related fiduciary, environmental, and social aspects including gender, monitoring, and reporting. UNDP will ensure fiduciary and technical accountability of the implementing partner organizations and ensure appropriate training and capacity building of the staff of the implementing partner organizations where necessary. UNDP will set up a PCU based in Sana'a within 30 days of project effectiveness, 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 country team will be also backstopped by dedicated teams of technical experts at regional and Headquarters' level adopting Level 3 fast-track procedures established due to the emergency situation in Yemen.
63. **UNDP will lead the implementation of the sub-component 2.2 directly and will ensure the delivery of sub-component 2.1 through the PWP, and SMEPS.** The PWP will implement infrastructure-related works through selected locally sourced contractors and create employment opportunities for the beneficiary communities. The SMEPS will manage the micro grants to fishery sector beneficiaries to develop their small businesses identified through beneficiary selection criteria developed jointly by the UNDP and SMEPS and consulted with relevant stakeholders. For specialized training where necessary, UNDP will hire expert consultants and link with private sector to design and deliver the training.
64. **PERSGA and UNDP will prepare POMs for their respective project components/sub-components and will be finalized and adopted by project effectiveness.** PERSGA and UNDP will prepare budgeted Annual Work Plans (AWPs) and detailed procurement plans with the no objections from the WB. The first budgeted AWP will be prepared no later than two months after project effectiveness. Each AWP 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 and non-procurement activities. It will also identify issues and implementation bottlenecks and relevant remedial actions and outline key responsibilities. This will be used to regularly monitor activities of each component, evaluate progress, and discuss corrective actions or changes as needed together with the WB. Detailed project implementation arrangements are provided under Annex 1.



B. Results Monitoring and Evaluation Arrangements

65. **Implementation of the M&E for the project, including data collection, monitoring, reporting, and dissemination, will be the responsibility of both PERSGA and UNDP.** The M&E system is designed to regularly measure input, output, and outcome indicators to provide project staff and stakeholders with regular update on project implementation and results, identify potential problems, and determine the project progress towards its development objectives. The M&E methodology will be aligned with the definitions and collection methodologies of the project to enable data aggregation and consolidation at the project-wide level. As an integral part of project implementation, the M&E system for the project will be built on existing M&E systems of UNDP to provide timely and reliable results for management to facilitate informed decision-making. In addition to being an important management tool, the M&E system will be a valuable source of learning and a knowledge management mechanism.
66. **The project objectives and corresponding indicators are being designed to measure the results of the entire phase I project, including the current participating country, also reflecting the regional synergies and cross-country spillovers.** The project has established the indicators and will identify baseline data and targets to monitor the outputs and outcomes of the project, to be in the Results Framework. This will be followed up with household and business surveys and other assessments at the baseline, midterm review (MTR) and at project closing both for the beneficiary and control (counterfactual) groups to rigorously evaluate qualitative and quantitative aspects of project results. Data will be disaggregated by gender and governorates as appropriate. For their respective activities, PERSGA, UNDP and implementing partners will use the detailed data collected through the standard reporting formats to be included in the POM for different levels and other relevant documentation, including formats for field reporting and integrated outreach reporting on all interventions. PERSGA and UNDP will prepare semiannual progress reports to report on the results framework. Specific details for project management and reporting will be included in the POM that will serve as the overall guiding document for the project. PERSGA and UNDP will carry out a MTR, about one and half years into implementation, as stipulated in the Financing Agreement.
67. **UNDP will hire an independent TPM agent to assess quarterly performance and field monitoring of Component 2 implementation.** The TPM agent will be expected to: (a) track performance through the collection of appropriate and credible data and other evidence; (b) analyze evidence to inform decision-making by WB and UN agency management; (c) recommend improvements in effectiveness and efficiency as necessary; and (d) report on performance and lessons to facilitate learning and support accountability, including learning from beneficiaries' experience. The terms of reference (TOR) for the TPM agent will be developed and agreed upon with the WB. UNDP may utilize the TPM arrangements using the agreed ToR. The TPM reports will be shared with the WB immediately upon their receipt from the TPM agent (but no later than ten business days from the date of receiving the TPM reports), to enable concurrent supervision and timely assessment of project implementation. The review may also include joint discussions with UNDP, TPM agent and the WB and to agree on any corrective actions where necessary.

C. Sustainability

68. **The project is designed to ensure sustainability of managing fishery resources at the regional and country level.** This includes (a) overarching regional elements that focus on addressing some of the key gaps to address governance challenges in the RSGA region, and (b) balancing immediate contributions of the fishery sector to food security and income and developing the local capacity to ensure positive impact on fishery production and building the resilience of the fishery resources and its users in Yemen for medium to long term sustainability. Developing the internal capacity of PERSGA – both technical and human resources – will strengthen the foundation of the institution to



attract financing resources and capability to mobilize resources (necessary for its financial sustainability) to deliver its mandate more effectively. Development of technical capacity will further support the delivery of PERSGA's role of coordinating the country-specific actions to address regional challenges in managing fisheries and scale up best practices. In Yemen, the project is expected to improve household food security by increasing food access, availability, and affordability (through increased supply and household income). Household nutritional status and incomes would also be improved by reduced post-harvest losses, trade opportunities and income generating activities that would contribute to household expenditures on food dietary requirements. The work on governance of the capture fishery is complemented by exploration and development of new capture fishery technologies that will through time reduce the need for overfishing and strengthen the self-management through collective governance efforts. Setting up of local governance systems led by GAF with participation of key stakeholders and linkages created with private sector will ensure contributions to operate and maintain the fishery assets that will be restored, improved, and developed.

69. **The project will support substantial knowledge and capacity building, and skill upgrading**, which, on the one hand will help sustain gains from the project, but on the other will need future financial resources to continue generating knowledge and maintaining capacity and skills. The project will support the implementation of national fisheries strategy and plans of Yemen to ensure seamless alignment, which will be critical on a post-conflict scenario for public sector to engage and transition into its role. Improved governance will reduce potential conflict related to benefits sharing of fishery resources and will also contribute positively to post-conflict transition. It will further strengthen the Ministry of Agriculture, Irrigation and Fish Wealth's (MAIFW) extension and research capabilities by providing location-specific fishery statistics and other relevant data/information that are important at the country level to manage illegal fishing practices and overfishing, which have spillover effects on the RSGA region. Empowering local partners will ensure on-the-job skills are further improved to directly lead future investments.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis (if applicable)

(a) Technical

70. **This regional operation that aims at improving regional cooperation on fishery management in the RSGA while supporting actions at country level to improve effective management and development of fisheries.** This first project of the program will finance activities to be implemented nationally in Yemen, as well as some activities implemented at the regional level. The project includes a combination of complementary short-term and medium-term activities in the form of goods, works, services for physical investments, operating costs, and technical assistance.
71. **Regional approach will allow ensuring sustainable development and management of fisheries sector** essential in managing overfishing and addressing IUU fishing^{60,61} and key habitats in coastal zone will create a carbon sink, support healthy aquatic ecosystems, breeding grounds and marine habitats, protect coastal communities against coastal erosion and reduce the risk of floods during storm season. Carefully designed waste management and waste reduction program for fisheries and landing sites will be an important element in this effort as well as ensuring that

⁶⁰ https://www.kau.edu.sa/Files/320/Researches/63757_34925.pdf

⁶¹ <https://www.cbd.int/doc/meetings/mar/ebsaws-2015-02/other/ebsaws-2015-02-persga-submission3-en.pdf>



fisheries development is consistent with ongoing initiatives to create marine protected areas in the RSGA. At the regional level the project aims to develop the capacity of PERSGA to ensure improved fishery governance in the RSGA. It will ensure availability and accessibility of fisheries data, develop capacity of governments to manage their marine fisheries efficiently and sustainably. The project also intends to develop a platform for the regional countries to collectively address fishery governance issues, particularly IUU fishery and actions to ensure protection of key coastal and marine ecosystems from habitat destruction, over exploitation of marine resources, risks of hydrocarbon spills, navigation, and illegal disposal of pollutants by transiting vessels, pollution from urban, industrial and tourism hotspots, and climate change. The platform would serve to bring the relevant stakeholders and countries into the dialogue benefiting from PERSGA's unique position at the regional level. To improve the fishery governance in RSGA region also requires an effective regional fishery sector information management system to be placed to monitor the sector challenges and opportunities and collective decision making by member countries at the regional level, which will be also supported by the project. This would include development of technical manuals for cost-effective approaches of fisheries data and information collecting and management adapted to the region; training programs for national capacities on fisheries data and statistics, and establishment of regional processes to enhance regional cooperation on fisheries monitoring and assessment.

72. **In Yemen, the project focuses on reviving the fishery sector in selected areas while ensuring its effective management for its resilience, contribute to food and nutritional security by increasing food availability, access and utilization in the project areas and creating sustaining income generation and livelihood opportunities for the Yemeni households engaged in the fishery value chain.** Based on the current resource availability and on-going risks of active conflict, the project will initially focus on four coastal governorates for support to be subsequently scaled up within these governorates and others. The project will work with local partners, fishery cooperatives and associations, fishery communities and private sector to improve the fishery governance at selected coastal governorates, which is critical to address over exploitation, equitable access to the resources and benefit sharing, and undertake activities to protect the fish and their ecosystems. The project incorporates complementary activities food and nutritional security and economic opportunities in the coastal governorates that would include improved income generation that would also contribute to improved access of food and restoring and improving fishery production addressing post-harvest losses and quality of fish, which will also food availability and nutrition. Involvement of fishing households especially during non-fishing seasons and adult family members not involved in fishing activities in restoring and developing small-scale infrastructure (through cash for work), provision of access to financing (as grants), fishery inputs, value chain development and facilitating access to markets will be scalable and can be expanded to other coastal governorates. Developing key fishery infrastructure especially the cold chain to address post-harvest losses and maintaining quality for consumption and trade and related fishery value chain infrastructure will be key activities under the project. The project will also support analytical work that would (a) continuously assess the achievement of project results and to take adaptive management decisions based on changes necessary to improve the achievement of the results and response to changing needs of the country; (b) fishery sector diversification assessment and a plan to ensure the fishery resources of Yemen is managed effectively and to identify solutions to over-exploitation; and (c) develop a plan for the utilization of data/information that would be generated through the fishery stock assessment carried out by FAO under the YFSRRP, which will contribute to regional cooperation efforts, better decision making on resource utilization and sustaining income generation and livelihoods of households engaged in the fishery value chain.
73. **The project activities in the selected areas in Yemen will be provided as a package that will contribute to improved management, income generation and sustaining fishery livelihoods and food security.** By giving the beneficiaries to participate in developing, restoring, and providing access to fishery infrastructure (such as cold chain, markets, and access roads), especially small-scale infrastructure will generate immediate income to access food. Supporting



the fishery value chain to be developed more effectively and ensuring quality of production will ensure improved trade locally and better contribution to the exports, hence also contributing to the reduction of post-harvest losses (and the reduction in over-fishing through time), better income and sustainability of the livelihoods. Local institutions and government counterparts will take on responsibility for maintaining and repairing fishery infrastructure post-project period, and setting user fees to sustain the extension services, operation, and maintenance of the assets. The project will integrate nutrition education into capacity-development initiatives, so that women and men, especially from the fishery households understand the importance of also consuming some of the fish they sell as part of a healthy diet for their families. The project will also closely collaborate with YFSRRP and Emergency Lifeline Connectivity Project (ELCP) (P177053) to bundle the efforts where it is feasible, so the positive impacts on the targeted beneficiaries can be further increased, especially related to YFSRRP's cash for work and support to nutritional security and provision of connectivity to fishery communities and fishery infrastructure that would improve options of trade and linkages to markets.

74. **Capacity building and awareness creation will form an important part in the project for Yemen.** These will be targeted to project staff, local partners, fishery cooperatives and associations, and project beneficiaries and will include technical training on fishery technologies, effective management of fisheries, management of cooperatives and associations, management of fishery infrastructure and assets including operation and maintenance, climate-smart actions and practices, conservation of key coastal and marine ecosystems, entrepreneurship skills including business development, and targeted skills development for better opportunities and integration of women into the fishery value chain, and creation of awareness on nutritional aspects of fish.

(i) Gender

75. **The men and women in the fishery value chain tend to engage in distinct activities that are strongly influenced by their social, cultural, and economic contexts.** In this region, fish catching is male dominated. Ocean-going boats for offshore and deep-sea fishing often have male crews, while in coastal artisanal fishing broadly, women often manage smaller boats. In Yemen, the role of women in the fishery value chain is limited and confined mainly to fish processing and small-scale fish drying and salting, as well as net making, sewing, mending, and fish selling in some markets. Their role and potential are underutilized, even though the war has diminished the numbers of men participating in the labor force. A recent USAID study in 2019⁶² found that the percentage of women workers varied from 20-50 percent across the fish-processing workforce, ranging from receiving and preparation of seafoods to lab staff and administrative work. They have no direct access to fishery resources and the value chain and face higher food insecurity due to scarce work opportunities for them. In addition, the following data highlights the specific context for women in Yemen: (a) Women's overall economic participation is as low as 6 percent in Yemen compared to 72 percent of men and they are more likely to be unemployed (25 percent compared to 12 percent of men) and operate in the informal sector; (b) Women are more likely to face vulnerable employment (61 percent compared to 47 percent men as per WDI 2019); (c) The gender wage gap (comparing the average wage of women with that of men in the agriculture, forestry and fisheries sector in Yemen) was 39 per cent in 2015.⁶³ This gap is one of the highest in the world; and (d) Less than 1 percent of firms are majority female owned in Yemen (Enterprise Survey 2014). This is also among the lowest in the world.
76. **As per the Social Development Fund, there are economic and grant support programs targeting entrepreneurs in Yemen.** However, many who could benefit are not aware of and/or are not interested in those opportunities,

⁶² https://pdf.usaid.gov/pdf_docs/PA00WFZJ.pdf

⁶³ UN Women, 2020. *Women's Economic Empowerment in Fisheries*.



particularly an estimated 2 percent of women (as opposed to 11 percent of men) having access to a formal bank account or mobile financial provider. In addition, women face mobility constraints, structural issues (care responsibilities), infrastructure challenges, institutional constraints related to the sector such as policies that make it challenging for women to participate in formal market. The main gender gap is a reduced opportunity for women to participate more meaningfully in the fishery value chain and is related to the cultural norms and practices. Other than fish processing, potential parts of the value chain which are considered suitable for women include post-catch operations such as marketing and exporting. There is a need to identify opportunities for women and sensitize men and women on the benefits of women participation in the value chain to improve their economic prospects beyond the traditional roles. Preserving the sector in an equitable manner is essential to support the people weather the impact of the conflict as well as COVID-19 and to rebuild the nation post-conflict.

77. **Women in fishing in Yemen are mainly from low status groups where social and cultural norms are pervasive.** Also, while women entrepreneurs are generally similar to men in their pursuit of economic goals, women also value non-economic outcomes including self-empowerment, time flexibility, status in the community, happiness, well-being, satisfaction with life, and work-life balance. However, the conflict has opened opportunities for women to participate in the fisheries value chain in Yemen. This is primarily due to women being pushed into entrepreneurship due to economic necessity (i.e., lack of jobs or insufficient family income). The grants and capacity building provided through the project may therefore not only improve women's income earning capacity but also support women in breaking gender stereotypes. This support is aligned with the 2012-2025 National Fisheries Strategy which has articulated clear goals with a focus on economic empowerment opportunities for women.

(ii) Citizen Engagement

78. **The project will ensure a strong citizen engagement to ensure improved project outcomes by ensuring project information sharing, feedback and reporting back mechanism and through beneficiary perception surveys.** At the regional level, it will ensure that the member country governments through their representatives agree on the regional actions to support the management of fisheries in RSGA region through the regional platform to be put in place. In addition, PERSGA will maintain transparency related to all decisions and documentation ensuring regional citizens have access to information and opportunity to provide feedback. Yemen with its FCV context and limited capacity into consideration, require gradual interventions to ensure sustainability of the citizen engagement interventions, as well as to ensure no new conflicts are created.
79. **The project's citizen engagement interventions will be aligned with the two Stakeholder Engagement Plans of the two implementing agencies to ensure stakeholder consultations of the program implementation to facilitate ongoing learning and feedback to feed into the adaptive management process taking aspects such as gender and disability into consideration.** The Yemen component also includes a governance mechanism that will strengthen participatory planning and monitoring of the fishery sector performance at the local level and related capacity building that would allow stakeholders to engage meaningfully. The project will also undertake perception surveys both at the regional and country level ensure the communities feel that the project interventions has made progress and delivered intended change. Detailed actions related to citizen engagement beyond the SEP will be designed and included in the Project Operations Manual (POM).

(iii) Climate and Disaster Screening



80. **The project has been screened for short-term and long-term climate change and disaster risks. Steady temperature increase is predicted for the RSGA region, including Yemen in the coming decades.**^{64,65} Precipitation patterns could become more volatile, increase in either mean annual precipitation or annual maximum 5-day rainfall could be anticipated. Yemen is historically prone to locust infestations.⁶⁶ With the forecasted changes in precipitation, it is likely that locust infestations will be common and will be damaging crops and causing severe shortages in locally produced food and loss of income in rural communities. Urbanization rate is low in Yemen (38.5 percent). Pastoral communities in Yemen are especially vulnerable to the effects of climate change in this region: droughts, extreme heat, heat waves, temperature increase. Moreover, Yemen has large share of population living at or below poverty line, which is 71-78 percent^{67,68}. Country is suffering from food insecurity and contribution of agricultural sector to GDP is slightly above 20 percent.⁶⁹ Local climatic conditions and ongoing climate change make it challenging or impossible to solve food insecurity with current form of terrestrial agricultural production.

(iv) Climate Co-Benefits

81. **The proposed project is critical from a regional context due to climate change vulnerabilities affecting the RSGA region.** Climate change is expected to lead to increased ocean warming and acidification, coral bleaching, change in oceanic flora and fauna, disruption of food chains and ecosystems, lower concentrations of dissolved oxygen in water, formation of massive “dead zones” in the ocean with oxygen concentration too low to support marine life, reduction in quality and quantity of fish stock, gradual migration of fish to more favorable regions. These changes can impact the habitats including coral reefs, seagrasses, and mangroves, as well as fish stocks in terms of their abundance and migratory patterns. Sea level rise, as well as increased frequency and intensity of heat waves, dust storms and flash floods put at risk coastal infrastructure and coastal communities including fishers. As the traditional fisheries resources are decreasing because of climate change, fishers may need to shift their fishing grounds, or engage in alternative fishing methods to compensate for their losses. Shifts in distribution of fish stocks may also destabilize existing fisheries management, such as bycatch quotas, or bi-/multi-lateral agreements on straddling fish stocks. Climate change impacts on vulnerable communities may also drive migration coupled with other challenges such as conflict, which is already taking place in the RSGA region and increase pressure on coastal fisheries resources. All these factors could increase incidences of and complicate measures to combat IUU fishing. Additionally, climate change in this region will likely lead to further reduction in agricultural productivity in coastal zones and will stimulate interest in fisheries as source of food and income. Healthy marine ecosystems and strong fish stocks will be essential to long-term economic and food security, peace, and stability in the region.
82. **Climate change is affecting both terrestrial and marine ecosystems, but the risks are different. This creates an opportunity for risk diversification between marine and terrestrial ecosystems for regional climate change adaptation.** Bio productivity of marine ecosystems in RSGA region is high⁷⁰, while productivity of agricultural sector is low.⁷¹ Climate risks and timing of negative effects are different between land and the ocean. There is no equivalent in the ocean to the problems of droughts or wildfires. Negative climate change impacts such as acidification and ocean temperature rise develop slowly but are irreversible. Rapid destruction of marine ecosystems could happen

⁶⁴ <https://climateknowledgeportal.worldbank.org/country/yemen/climate-data-projections>

⁶⁵ <https://climateknowledgeportal.worldbank.org/country/djibouti/climate-data-projections>

⁶⁶ <https://www.fao.org/ag/locusts/en/archives/1340/index.html>

⁶⁷ <https://www.worldbank.org/en/country/yemen/overview#1>

⁶⁸ <https://www.worldbank.org/en/country/djibouti/publication/economic-update-april-2021>

⁶⁹ <https://www.cia.gov/the-world-factbook/countries/yemen/#economy>

⁷⁰ Biology and status of sharks fishery in Yemen -

https://www.cms.int/sharks/sites/default/files/document/Inf_11_Yemen_Presentation_Biology%26Status_of_Sharks_Fishery_0.pdf

⁷¹ FAO Yemen country factsheet on food and agriculture policy trends - <https://www.fao.org/3/i4127e/i4127e.pdf>



during severe storms or due to damaging human activities (IUU fishing, bottom trawling, oil spills, etc.). If damaging human activities are prevented, and marine resources are managed sustainably, RSGA could provide food and income to population of several countries before the problem of acidification and ocean temperature rise become more pressing. Commercial marine animal species are resilient to some types of climate risks, could travel quite fast (away from negative and towards positive factors, could follow the food). Sorghum or maize cannot move away from drought zone most often due to lack of arable land. Terrestrial ecosystems in RSGA region, and especially so in Yemen, cannot and do not provide sufficient yields to meet demand for food, or to offer economic stability to farmers pushing the countries to rely on imports. Improving agricultural productivity will take time. There is a need to: (a) diversify food source and income source; (b) use marine resources sustainably so that they can regenerate; (c) use regional approach for more accurate monitoring and planning; (d) learn about local effects of climate change on marine ecosystems in RSGA region to be able to adapt to those.

83. **The proposed project will support actions to understand these climate induced challenges, identify suitable solutions to improve climate resilience and build capacity to manage these by coordinating the participation of the coastal states of RSGA.** Through regional cooperation, the monitoring, analysis and reporting on climate change and marine ecosystems will feed into design of climate-adaptive and climate-informed coordinated sustainable management of fisheries in the region. The built capacity for regional data collection on fisheries, and climate related monitoring will support more reliable projections at regional level of climate impacts and will support regional and national policies for adaptation and resilience of natural ecosystems and climate informed decision making. The platforms will support dialogue at regional level for reducing pressure of overfishing and IUU fishing and enhanced oil spill pollution monitoring contribute to enhanced ecosystem health and resilience.
84. **The proposed project will contribute to climate adaptation and mitigation benefits in Yemen.** It will promote resilience building measures to vulnerable coastal populations and IDPs engaged in the fishery sector, as well as contributing to food and nutritional security, complimenting the efforts made by other interventions in Yemen to sustain the crop and livestock production. The sub-component will support activities to reduce overfishing and post-harvest losses which will increase resilience of fishes and their ecosystems, provide climate-smart technologies such as solar power that would help to adapt to high cost of electricity and access to the grid and diesel in remote locations while contributing to the reduction of greenhouse gas emissions and restore and protect critical coastal ecosystems increasing the resilience of fisheries and related income generation of participating communities where applicable. It will also support developing critical fishery infrastructure such as cold chain facilities and other fish preservation activities to reduce post-harvest losses and improving quality for both consumption and trade, further strengthening the resilience of the sector to climate shocks.

(b) Economic Analysis

85. **The project is funding public goods in terms of intangibles (capacity building and so on) and tangible investments that will improve the targeted communities' wellbeing and livelihood in Yemen.** Tangible investments include improving the nutritional intake of communities, reducing overfishing, and boosting the economic impact on the targeted communities. Moreover, a three-pronged economic analysis has been performed where: (i) project impacts will quantitatively be valued through economic benefit-cost, sensitivity, and scenario analyses; (ii) the relevance of the public sector as a vehicle; and (iii) the WB added value.
86. **Quantitative Analysis.** The economic analysis includes sensitivity and scenario analyses. The project has a positive NPV of US\$ 37.1 million discounted at 6 percent over 20 years, an economic IRR of 22 percent and positive Present Value Benefit-Cost ratio of 2.0. The project remains viable under both 4 percent and 8 percent discount rates. Under



the optimistic scenario with a 10 percent benefit increase and a 10 percent cost decrease, the project generates a NPV of US\$ 63.2 million discounted at 4 percent, an economic IRR 29 percent and a Present Value Benefit-Cost ratio of 2.8. Under the pessimistic scenario with a 10 percent cost increase and a 10 percent benefit decrease, the project generates a NPV of US\$ 17.4 million discounted at 8 percent, an economic IRR 16 percent and a Present Value Benefit-Cost ratio of 1.4.

87. **Public Sector Relevance.** The relevance of regional agencies, the public sector and local stakeholders is instrumental to increase the opportunity and reduce the vulnerability of the people while increasing the opportunities and resilience of the targeted communities. Improving the competitiveness of fishermen and climbing up the value chain of their catch through markets in terms of both time and space will increase the targeted communities' resilience with significant benefits accruing to the poor. Hence, the purpose of the overall project is to secure and improve the whole fishery value chain that could prove to be the driver of growth, livelihood, and wellness.
88. **World Bank Value Added.** The WB value added can be considered at two levels. First, the WB's objectivity and legitimacy could play a federative role that will help accomplish such an endeavor that falls under building the resilience for vulnerable communities and access of their products to local and export markets. Second, the complexity and technicality of increasing the resilience of the targeted communities gives the WB a unique edge in providing the necessary technical expertise, syndicating funds, and achieving the desired outcome.
89. **Greenhouse Gas Accounting.** The GHG estimation reflects the *ex-ante* impact of climate smart fishing practices in reducing the net GHG emissions of 66,148 tCO₂e from the project. The data collected on improved practices during implementation could facilitate updating the GHG estimates of the project.

B. Fiduciary

(a) Financial Management

90. **PERSGA will manage all the financial management aspects of the Component 1 and sub-component 3.1.** This includes accounting recording and reporting on the project activities through the use of an automated accounting system and based on an acceptable manual of procedures and management of the disbursement process. PERSGA will follow cash basis of accounting to record the project's transactions using their automated accounting system. Accounting records will be maintained within PERSGA using their accounting system, which will also generate the project accounts' quarterly Interim Financial Reports (IFRs). PERSGA will submit to the WB, the Project's quarterly unaudited IFRs not later than 45 days after each calendar quarter and annual audited project financial statements not later than six months after each calendar year. Based on the current assessment and PERSGA's previous experience in managing WB operations⁷², PERSGA has a satisfactory capacity to implement the financial management arrangements for the project. PERSGA's General Secretariat headed by the Secretary General is staffed with a Financial Officer, Procurement Specialist, Project Coordinator, and other technical specialists. To ensure that funds are readily available for project implementation, PERSGA will open, maintain, and operate one USD Designated Account (DA) at Saudi National Bank in Saudi Arabia. Deposits into, and payments from the DA will be made in accordance with the provisions which will be stated in the project's Financing Agreement and in accordance with WB Disbursement Guidelines. A fixed assets register will be maintained by PERSGA for all assets procured under the project. The register will show the assets description, amount, location,

⁷²PERSGA FM implementation performance under "The Red Sea and Gulf of Aden strategic ecosystem management project" P13794" was consistently Satisfactory.



etc.

91. **UNDP will manage all the financial management aspects of the Component 2 and sub-component 3.2.** UNDP will maintain separate accounts for the project and ensure that original supporting documents of expenditures are retained. The project will use unaudited IFRs for disbursements and will submit the reports on a quarterly basis to the WB. Funds will flow from the WB to the recipient's corporate accounts before flowing to their local bank account or the bank accounts of their implementing partners and onward to the ultimate recipients/beneficiaries. The project will follow the audit arrangements agreed between the WB and UN agencies as per the Financial Management Framework Agreement (FMFA). In case the Association and the Recipient agree that additional due diligence measures are needed, the Recipient shall ensure that any additional due diligence measures of its Respective Part of the Project are carried out exclusively in accordance with its Financial Regulations and Rules, and in conformity with the single audit principle observed by the United Nations system as a whole. In addition, the WB may require additional audits of project activities based on TORs agreed with the WB.

(b) Procurement

92. **Procurement under the Component 1 and Sub-component 3.1 will be carried out by PERSGA in accordance with the WB's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated November 2020** ('Procurement Regulations'). The project will be subject to the WB's "Guidelines on Preventing and Combating Fraud and Corruption in projects Financed by IBRD Loans and IDA Credits and Grants", October 15, 2006, revised in January 2011, and as of July 1, 2016. The project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record, and track procurement transactions. Given the nature and non-complex type of procurement under this component, PERSGA will prepare a simple project procurement strategy for development (PPSD). PERSGA's PPSD and the Procurement Plan for the first 18 months of the Project were finalized and adopted during negotiations.
93. **Procurement under the Component 2 and Sub-component 3.2 will be carried out by UNDP.** Alternative Procurement Arrangements (APA) will be applied to the program components that will be implemented by UNDP. UNDP will apply its own procurement procedures as Alternative Procurement Arrangements found acceptable to the WB under other agreements and allowed by the Procurement Framework Policy (Section III.F). UNDP will retain overall responsibility for program implementation. For the purposes of this project, UNDP will ensure that the procurement unit is staffed with one qualified international procurement staff and at least two qualified national procurement specialists to conduct day-to-day procurement functions. UNDP will be responsible for: (i) preparing the procurement plans, (ii) implementing the procurement plan as agreed with the WB; (iii) preparing quarterly reports on the progress of procurement implementation; (iv) monitor and report to the WB on progress to implement the procurement plans as approved by the WB to verify the completion of the procurement activities as part of verification of project's outputs, (v) ensuring pre-screening of companies/individuals prior to award any contract financed by the Project against the WB's lists of sanctioned or temporarily suspended companies; this includes ensuring that all Implementing Partners have procedures in place for such screening and (vi) utilization of the guidance of the WB related to address potential forced labor risks of procuring solar panels . In addition, UNDP will hire a TPM agent for monitoring and evaluation of development projects, including for project implementation, and environmental and social aspects of such development projects based on a ToR agreed with the WB; the TOR should reflect monitoring the progress of procurement plans implementation as approved by the WB to verify the completion of the procurement activities as part of verification of project's outputs. UNDP's PPSD and the Procurement Plan for the first 18 months of the Project were finalized and adopted during negotiations.



94. Refer to annex 1 for further details of fiduciary risk assessment and mitigation measures proposed.

C. Legal Operational Policies

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

95. **A waiver to the application of the Anti-Corruption Guidelines for the IDA Grant is sought from the IDA Board of Executive Directors for third-party implementation in Yemen.** A waiver is sought of the WB Directive for Investment Project Financing and Section 5.14 of the IDA General Conditions for Credits and Grants for Investment Project Financing, which would otherwise require application of the WB’s Anti-Corruption Guidelines, in favor of relying on the fraud and corruption procedures of UNDP.

D. Environmental and Social

96. **Overall environmental and social risks of the project are assessed to be substantial.** This is mainly due to Component 2 that involves physical interventions to support the improvement of economic opportunities for food security and effective management of fisheries in Yemen. Risks associated with Component 1 includes occupational health and safety (OHS) aspects only as this component mainly support technical assistance and capacity building to improve the regional cooperation in the management of fisheries in the RSGA region. The environmental and social impacts stemming from Component 2 are expected to be site-specific, limited, reversible and mitigable. These risks and impacts are related to risks associated with construction works, such as noise, dust emissions, debris and other solid wastes, labor and community health and safety, including the propagation and exposure to COVID-19, labor conditions, elite capture and the exclusion of vulnerable and disadvantaged groups and individuals, risks associated with sexual exploitation and abuse and sexual harassment, the security of project workers and beneficiaries in Yemen, including the risk of explosion of a remnant of war (ERW).

97. **More specifically, risks and impacts are expected to be associated with the construction of fishery infrastructure under sub-component 2.1.** Investments under this sub-component may include support to boat rehabilitation, the purchasing of modern fishing technologies, repairing access roads, improving landing sites, and supplying fixed and mobile cold storage facilities and use of new technologies such as solar energy for energy requirements. These interventions might cause environmental pollution due to the generation of dust, waste, wastewater, and dredged materials; water quality degradation and impacts to aquatic species, and sensitive zones and natural habitats; risks of erosion; and air pollution and noise due to operation of fishing vessels; OHS risks associated with civil works and the fisheries value-chain, as well as risks associated with sexual harassment and exploitation. Furthermore, other environmental concerns primarily include issues related to solid waste and by-products, wastewater, water consumption and management, energy consumption. Workers might also be exposed to occupational health and safety risks and hazards that are specific to this industry during operation phase including workers’ exposure to physical and biological hazards, chemicals, heat and cold, noise and vibration. Impacts associated with land acquisition or land-use restrictions are not expected as all civil works will be screened for physical and economic resettlement impacts and when impacts are identified they will be excluded from project financing.

98. **To address the potential risks and impacts under Component 1 and sub-component 3.1, PERSGA prepared an**



Environment and Social Commitment Plan (ESCP) and a Stakeholder Engagement Plan (SEP) which were cleared by the WB before appraisal. PERSGA will also prepare Labor Management Procedures (LMP) by project effectiveness. Other residual environmental and social impacts associated with Component 1 such as necessary procedure to be adopted as part of COVID-19 mitigation measures and life cycle management of any electronic equipment purchased by the project will be included in the POM.

99. **To address the potential risks and impacts under Component 2 and sub-component 3.3, UNDP** prepared an ESCP, an Environmental and Social Management Framework (ESMF), a LMP, a SEP, a Security Management Plan (SMP) were adopted and disclosed prior to appraisal and will prepare a Gender Action Plan (GAP) prior to effectiveness. SMP and GAP once adopted, which will remain confidential given their sensitive nature.
100. **PERSGA and UNDP will develop environmental and management systems and procedures as per the specific instruments identified above and based in additional actions identified in respective ESCPs.** PERSGA will assign or recruit an Environmental and Social Officer to provide the required environmental and social support during the implementation of Component 1. UNDP will establish and maintain a coordination unit with qualified staff and resources to support the management of environmental and social risks and impacts of the Project, this includes hiring qualified staff with environmental and social expertise, and an OHS specialist, to be assigned to the Project and to support the management of Environment, Social, Health and Safety (ESHS) risks and impacts. At a minimum, UNDP have an international Environmental and Social Specialist, one Environmental Officer; one Social Officer, and one OHS Officer. The Implementing Partners will hire one Environmental Specialist, one Gender and Social officers as well as additional environmental and social staff as deemed necessary. Each Contractor shall hire an ESHS Officer stationed as the contractor's key personnel at the Site. PERSGA and UNDP will develop and adopt a GM for the respective project components and separate worker GMs. Further details related to environmental and social aspects are provided under Annex 1.

E. GRIEVANCE REDRESS SERVICES

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

F. KEY RISKS

102. **The overall project risk to achieve the PDO after mitigation is assessed as Substantial.** These risks are primarily stemming from fragile and conflict environment of Yemen. Explanation of the risks assessed as substantial and high and proposed mitigation measures are as following:



103. **The residual political and governance risk for the project is assessed as high.** In Yemen, the project will be implemented outside the states governance system, through UNDP as a third party capable of implementing projects in FCV together with local implementing partners. Beneficiaries' feedback will be periodically obtained to assess the effectiveness of the program interventions. Nonetheless, the ongoing conflict and along with conflicting political interests and possible interferences may affect the project implementation which could impact the achievement of the PDO. The current environment in Yemen also makes the direct supervision difficult, risking resource diversion under the project benefitting the beneficiaries linked to specific political interests and factions. Regular supervision and monitoring of the project implementation activities of the implementing partner, along with beneficiary surveys (baseline and follow-ups) will be implemented to prevent capture and diversion of project resource and activities, as well as the GMs of the implementing agency and partners. Additional mitigation measures include: (a) establishing communication and facilitation arrangements that enlist the support of all relevant political and community actors at the national, governorate, and local levels to promote safe and politically neutral implementation of the project; (b) awareness raising and training of the communities and project beneficiaries, and (c) working mostly with politically neutral local implementing partners. **The residual governance risk at the regional level remains substantial.** The ratification of Regional Fishery Protocol which provides the additional legal backing for PERSGA to monitor the performance of actions of the protocol by the member countries is yet to be adopted. While this does not affect the implementation of the regional component and achievement of the PDO given it is in line with the overall legal setting of PERSGA's role to support regional cooperation related to fishery sector through the Jeddah Convention, it may delay the full cooperation of member countries.
104. **Yemen's residual macroeconomic risk is assessed as substantial.** The economic impact of the conflict has been devastating for Yemen, aggravating an already weak pre-conflict economic performance, which has been further exacerbated by a COVID-19 epidemic and other shocks such as the recent war in Ukraine. In addition, there has been a sharp depreciation of the currency amidst increased need for import of foods and other necessities, putting significant pressure on the country's balance of payment. Conflict and COVID-19 both have also triggered high inflation. While this project cannot mitigate all macroeconomic risks, by restoring the fishery value chain, it aims to contribute to alleviating food import needs while augmenting export and thus positively affecting the country's balance of payment situation and reducing the inflationary pressure.
105. **The risk on sector strategies and policies is assessed as substantial.** At the regional level, the Regional Fisheries Protocol has been updated based on the feedback from member countries. However, it is yet to be ratified and adopted by at least 4 countries for the protocol to become effective. This risk is mitigated facilitating of the member countries to ratify and adopt the protocol using the regional coordinating platform to be developed under the project. At the country level, Yemen has progressive fishery sector strategies and policies. However, the overall sector priorities have shifted as a result of the conflict. This risk will be mitigated by the project through its interventions, including the support to improve fishery management at the sub-national level, although challenging during the conflict situation. This will allow for a broader engagement and stronger coordination among government entities and various partners developing medium to long term response mechanisms to strengthen fishery management.
106. **The residual fiduciary risk is assessed as substantial.** This is due to the (i) potential risk of delay in implementation/supply because of the security situation in Yemen, export restrictions and COVID-19 situation; (ii) the limited competition and service delivery in Yemen; (iii) the nature of project activities that might be impacted by the situation on the ground in conflict and post-conflict zones; and (iv) multiple implementation arrangements at regional and country level. Based on the fiduciary assessments, PERSGA and UNDP are required to continue to strengthen institutions' procurement planning, budgeting, accounting, internal controls, funds flow, financial



reporting, and auditing arrangements and UNDP also need to ensure the local implantation partners also include necessary risk mitigation measures.

107. **Environmental and Social Risks of the project are assessed as substantial** considering the type of interventions which will be supported, particularly under Component 2 which supports physical investments. Potential impacts include OHS) including the risk of exposure to COVID-19, emission of dust, noise, solid and liquid wastes, and other typical impacts associated with civil works, as well as risk of injuries due to the potential ERW in Yemen, poor labor conditions, such as child and forced labor. Moreover, the project may lead to risks associated with elite capture and the exclusion of vulnerable or disadvantaged groups from benefits, low risks associated with land acquisition and restriction of access, risks associated to community health and safety, during the implementation of physical interventions. The risks are expected to be generate localized, temporary, and reversible environmental and social impacts and can be managed through the implementation of prevention and mitigation measures. The UNDP has prior experience in successfully managing the risks under the ESF. To mitigate potential risks and impacts, the project will put in place adequate ESMSs under UNDP and PERSGA for project implementation, including expertise which is brought into the project preparation teams and PCUs and key environmental and social instruments.
108. **Other Risks.** The security risk is considered substantial due to the security situation in Yemen. These could bring about risks associated with project implementation in Yemen impacting the project staff and physical investments and consultancy teams that would get involved in fishery data collection and monitoring slowing down the decision-making, the pace of implementation and achievement of project results. The project has prepared a SMP that identifies specific risks associated with the program and mitigation measures taking the experience of developing and implementing SMPs in WB-supported projects, focusing interventions in areas that have relatively lower impacts due to the conflict and identifying remote solutions and simplified methodologies for fishery data collection and monitoring.



G. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Middle East and North Africa

Program on Sustainable Fishery Development in Red Sea and Gulf of Aden (SFISH)

Project Development Objectives(s)

The Development Objective of the overall proposed program with series of projects (SOPs) is to promote regional cooperation for sustainable fishery management in the RSGA region and strengthen the effective fishery production and value chain in RSGA countries.

The Development Objective of this first project of the program is to strengthen mechanisms for regional collaborative management of fisheries in the RSGA region and improve the effective fishery production and value chain in Yemen.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Mechanisms for collaborative management of fishery strengthened for RSGA region			
Regional mechanism for collaborative management of fisheries in the RSGA region adopted by at least four PERSGA member states (Yes/No)		No	Yes
Fishery value chain strengthened in Yemen			
Beneficiaries of job-focused interventions (CRI, Number)		0.00	5,600.00
Beneficiaries of job-focused interventions - Female (CRI, Number)		0.00	1,680.00
Beneficiary households experienced at least ten percent increase in their per capita household income from the baseline situation (Percentage)		0.00	60.00



Indicator Name	PBC	Baseline	End Target
Sub-national climate informed participatory fishery management plans implemented (Number)		0.00	2.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
C1: Strengthening regional collaboration in management of marine fisheries and aquaculture in RSGA			
Functioning RFIMS for fishery status reporting and decision-making (Yes/No)		No	Yes
Trainers and users supported for the utilization of regional fishery management tools (Number)		0.00	1,142.00
Women participation (Percentage)		0.00	30.00
Regional plan of action prepared and adopted for IUU fishing management in RSGA (Yes/No)		No	Yes
C2: Improving Economic Opportunities, Food Security & Effective Management of Fisheries in Yemen			
Fishers and micro and medium enterprises benefitted from voucher inputs/micro grants to develop fishery value chain activities (Number)		0.00	4,200.00
Women and youth with enhanced skills with grants to establish fishery enterprises and access to market opportunities (Number)		0.00	1,600.00
Women with enhanced skills provided with grants to establish fishery enterprises and access to market opportunities (Number)		0.00	480.00
Fishery associations and cooperatives supported for improved production and services (Number)		0.00	35.00
Fishery infrastructure rehabilitated/restored with enhanced climate resilience (Number)		0.00	9.00



Indicator Name	PBC	Baseline	End Target
Annual fishery management reports produced documenting fishery governance actions (Number)		0.00	4.00
Beneficiaries from training and capacity building to develop the fishery value chain, responsible fishing practices, and fishery management (Number)		0.00	100,000.00
Women participation (Percentage)		0.00	30.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Regional mechanism for collaborative management of fisheries in the RSGA region adopted by at least four PERSGA member states	This indicator will assess the setting up of a regional platform and its functionality.	The actions for the achievement of the target will be monitored bi-annually and member state adoption by Year 3 and 4 of the project.	Documented framework for the regional platform, minutes of member state meetings and other related discussions and report on consolidated feedback	Reviewing of reports and minutes	PERSGA



			from virtual comments received.		
Beneficiaries of job-focused interventions					
Beneficiaries of job-focused interventions - Female					
Beneficiary households experienced at least ten percent increase in their per capita household income from the baseline situation	Direct beneficiaries' income change from project interventions, particularly micro-grants , as well as other related interventions	Mid-term and prior to project closure.	Beneficiary survey report	Beneficiary survey	UNDP, SMEPS and PWP
Sub-national climate informed participatory fishery management plans implemented	Assess the preparation process, adoption and implementation of the sub-national fishery management plans	Commencing from Year 2, bi-annually	Bi-annual project progress reports, TPMA reports and fishery management plans	Review of the reports and plans and meeting minutes	UNDP, GAF and TPMA

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Functioning RFIMS for fishery status reporting and decision-making	Monitor the setting up of the RFIMS, uploading of data and analysis of fishery information and production	The indicator will be monitored	Publicly accessible on-line RFIMS with	Review of minutes of member states and reports	PERSGA



	of annual rereport on the status of regional fisheries and collaborative management decisions in year 3 and 4	bi-annually from the end of Year 1.	fishery information and reports generated by PERSGA		
Trainers and users supported for the utilization of regional fishery management tools	Assess the number of individuals trained as trainers and users of fishery management tools and utilization of the tools.	Monitoring on the targets will commence from Year 2 and bi-annually thereafter.	Training attendance sheets and post-training evaluations	PERSGA will ensure all training events include a report that includes details of the attendees including gender, member country representation	PERSGA
Women participation					
Regional plan of action prepared and adopted for IUU fishing management in RSGA	Assess the preparation and adoption of Regional plan of action for IUU fishing management in RSGA	This indicator will be measured bi-annually from Year 2.	Plan of action, minutes of consultations and working groups	Review of plan of actions and minutes of meetings	PERSGA
Fishers and micro and medium enterprices benefitted from voucher inputs/micro grants to develop fishery value chain activities	Asses the number of individuals in the fishery value chain benefitted through micro grants/voucher inputs.	This indicator will be assessed bi-annually from Year 2 of the project.	SMEPS and TPM reports	SMEPS records of micro grants and/or voucher inputs provided	UNDP, SMEPS and TPM agent



Women and youth with enhanced skills with grants to establish fishery enterprises and access to market opportunities	Assess the women and youth benefitted by business development and/or continuity.	Bi-annually from Year 2	SMEPS and TPM reports	SMEPS records of micro grants, entrepreneurship and business development activities provided.	UNDP, SMEPS and TPM agent
Women with enhanced skills provided with grants to establish fishery enterprises and access to market opportunities					
Fishery associations and cooperatives supported for improved production and services	Fishery associations and cooperatives capacity build for improved production and services	Bi-annually from Year 2	SMEPS and TPM reports	Review of reports and surveys	UNDP, SMEPS, TPM agent
Fishery infrastructure rehabilitated/restored with enhanced climate resilience	Selected infrastructures will be designed and rehabilitated/restored to enhance resilience to climate change, renewable energy, waste management and waste reduction systems	Bi-annually the progress from Year 2	PWP , supervision and TPM reports	Field monitoring and review of reports	UNDP, PWP, TPM agent
Annual fishery management reports produced documenting fishery governance actions	This indicator will assess the setting up of the sub-regional fishery governance committees and effective fishery management actions taken and reported by GAF.	Bi-annually from Year 2	Documented details minutes of the local fishery governance committees and annual	Review of reports and minutes	UNDP and TPMA



			fishery reports		
Beneficiaries from training and capacity building to develop the fishery value chain, responsible fishing practices, and fishery management	Effectiveness of all training and capacity building activities	Bi-annually from Year 2	Training and capacity building reports and post-evaluations	Review of reports and evaluations	UNDP, SMEPS and TPM agent
Women participation					



ANNEX 1: Implementation Arrangements and Support Plan

REGION & COUNTRY: Middle East and North Africa and Yemen
Program on Sustainable Fishery Development in Red Sea and Gulf of Aden (SFISH)

A. Project Institutional and Implementation Arrangements

(a) Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden (PERSGA)

1. **Technical implementation.** PERSGA will be responsible for implementing the regional Component 1 and the supporting sub-component 3.1, through technical assistance, training, goods and related services and operational costs accessing Regional IDA based on summary eligibility analysis in Table 2. With WB’s previous support PERSGA’s operational and technical capacity related to coordination of actions by the member states in the management of coastal and marine environment of the RSGA have been built and adequate to take forward the additional technical responsibility that comes with the adoption of the Regional Fisheries Protocol. PERSGA’s General Secretariat headed by the Secretary General has 17 staff including a Financial Officer, Procurement Specialist, Project Coordinator, and other technical specialists. PERSGA will sent up a PCU (with internal and external technical expertise as needed) within 30 days of project effectiveness that will be responsible for the implementation of the project activities. This team will work closely with PERSGA’s financial management, procurement, environmental and social staff. PERSGA will ensure timely project management and coordinate with the WB task team during trouble shooting. PERSGA will develop a detailed implementation plan as part of the POM. PERSGA. PERSGA will ensure close collaboration with UNDP Yemen, especially related to Sub-component 2.2 and capacity building on fishery management, as well as other regional countries and development partners as part of the coordination efforts. In this regard, joint quarterly meetings will be held between PERSGA and UNDP Yemen to discuss relevant technical aspects for close complementarity. PERSGA will share the TORs for activities and technical outputs with the WB for their technical quality.

Table 2. Regional IDA Eligibility Analysis of PERSGA

IDA Regional Window - Eligibility Criteria – Grants to Regional Organizations	Remarks
(i) The entity is a <i>bona fide</i> regional organization that has the legal status and fiduciary capacity to receive grant funding and the legal authority to carry out the activities financed.	<p>PERSGA was established pursuant to Articles XVI-XX of the 1982 Regional Convention for the Conservation of the Red Sea and Gulf of Aden Environment (the Jedda Convention) as the regional organization for the conservation of the environment in the Red Sea and Gulf of Aden. Article XVIII of the Jedda Convention invests PERSGA with the authority to “adopt and conclude agreements with States or with organizations... for the achievement of its purposes”.</p> <p>The Jedda Convention (Art. 1) defines “conservation” to include “use by man of living and non-living marine and coastal resources... including conservation, protection maintenance and sustainable and renewable utilization and enhancement of the environment”. The reference to living resources has been deemed to include fisheries and aquaculture, as confirmed and detailed in the Action Plan for the Conservation of the Marine Environment in the Coastal Areas of the Red Sea and the Gulf of Aden [1982], Protocol Concerning the Conservation of Biological Diversity and Establishment Marine Protected Areas in the Red Sea and Guld of Aden [2005] and of draft [2018] Protocol</p>



	<p>Concerning Regional Cooperation in Management of Fisheries and Aquaculture in the Red Sea and Gulf of Aden. Component 1 of the Project is aimed at providing technical assistance and other support for PERSGA’s fisheries and aquaculture activities including capacity building and technical assistance to support the carrying out of its responsibilities under Action 12.5 of the Action Plan for the Conservation of the Marine Environment in the Coastal Areas of the Red Sea and the Gulf of Aden, Articles 6 and 7 of the Protocol Concerning the Conservation of Biological Diversity and Establishment Marine Protected Areas in the Red Sea and Guld of Aden and Article 17 of the Protocol Concerning Regional Cooperation in Management of Fisheries and Aquaculture in the Red Sea and Gulf of Aden.</p> <p>The team (along with FM, Procurement, E&S colleagues) has confirmed that PERSGA has fiduciary and E&S capacity to receive grant funds. PERSGA has continued to use the fiduciary systems and processes introduced through the RSGA Strategic Ecosystem Management project.</p>
<p>ii. The entity does not meet eligibility requirements to receive an IDA Credit</p>	<p>Neither the Jedda Convention nor PERSGA’s Financial Regulations expressly authorize it to incur indebtedness. Article XX of the Jedda Convention (Budget and Financial Resources of the Organization) provide that PERSGA’s financial resources consist of contributions from its member states, ALECSO contributions and “other contributions accepted by the PERSGA Council”. The Financial Regulations (Article 10) provide that PERSGA’s resources consist of member state contributions, investment returns, returns from ‘justified activities’, <i>grants</i>, donations and aid, and “miscellaneous” revenues. PERSGA does not generate its own revenues and would be unable to service debt without contributions from its member states.</p>
<p>iii. The costs and benefits of an activity to be financed with the IDA Grant cannot be easily attributed to national programs</p>	<p>The activities that will be supported by the Project are regional actions for fishery management in the RSGA region, assigned to PERSGA by its member states in the absence of a fishery organization in the region. As detailed in i. above, these activities, by their nature, cannot be effectively carried out by individual countries, given the fishery resource is a transboundary resource, which requires actions beyond individual national programs for its sustainability and continue to contribute to the economies of the RSGA member states.</p>
<p>iv. The activities to be financed with an IDA Grant are related to regional infrastructure development, institutional cooperation for economic integration, or coordinated interventions to provide regional public goods</p>	<p>The IDA grant would support regional cooperation and coordination to manage fishery resources in RSGA, a regional public good.</p>
<p>v. Grant co-financing for the activity is not readily available from other development partners</p>	<p>At the moment no other development partner is financing [regional integration] and therefore no co-financing readily available.</p>
<p>vi. The entity is associated with an IDA-funded regional operation or otherwise supports the strategic objectives of IDA on regional integration</p>	<p>The RSGA fisheries is part of a closely linked and mutually dependable two larger coastal and marine ecosystems (i.e., RSGA) shared by eight countries of the region. As a transboundary resource, to ensure the health and resilience of the fish for long-term sustainability requires regional cooperation and coordination to limit the negative and enhance the positive externalities generated by national actions. The countries face common constraints with regard to their fisheries sector: weak governance, weak human and institutional capacity, and a fragile business environment. Furthermore, some of the challenges are regional in nature, such as resource depletion, IUU fishing, safety of fisheries, etc. and addressing them jointly will be beneficial to the countries.</p>



	<p>The experience gained from collaboratively addressing other issues such as pollution that impacts the coastal and marine waters of the RSGA and implementing joint actions provides the foundation to extend the cooperation and a focused attention to the fisheries sector. Recognizing the important contribution by the marine fisheries to regional and national goals – poverty reduction, food security, economic growth, balance of payments, value of natural capital – the RSGA countries have focused their attention to regional collaboration in the sector by developing the Protocol concerning Cooperation in Management of Fisheries and Mariculture in the Red Sea and Gulf of Aden that would eventually address their common concerns and needs related to fisheries, which has been finalized and expected to be made effective this year.</p> <p>While PERSGA’s member states include non-IDA countries, i.e. Saudi Arabia, Egypt and Jordan, PERSGA’s role in supporting to especially the IDA countries to potentially open up a vast regional space to engage in mutually beneficial cost-minimizing fishery management of this shared resource, which otherwise would be costly for IDA countries and improve trade across the countries building on each state’s comparative advantage is in line with the IDA’s strategic objectives of regional integration.</p>
--	--

2. **Financial Management Arrangements.** PERSGA will manage all the financial management aspects of Component 1 and sub-component 3.1. Based on the current assessment and PERSGA’s previous experience in managing WB operations,⁷³ PERSGA has satisfactory capacity to implement the project financial management arrangements. PERSGA will be responsible for the **planning, budgeting, and reporting** on its activities under the Component 1 and sub-component 3.1. PERSGA will follow cash basis of accounting to record the project’s transactions using their automated accounting system. The Financial Officer will submit to the WB prior to effectiveness evidence that PERSGA’s accounting system is ready for project implementation demonstrated by generating Project’s Interim Financial Reports, acceptable to the WB.

3. PERSGA will primarily depend on the Advance Method for **disbursements**. Having mentioned that, it was agreed to include the Disbursements Letter the 4 methods of disbursements recognized by the WB to be used as deemed necessary by PERSGA. The methods are (i) Reimbursement, (ii) Direct Payment and (iii) Special Commitments in addition to the (iv) Advance method. To ensure that funds are readily available for project implementation, PERSGA will open, maintain, and operate one US\$ DA at Saudi National Bank in Saudi Arabia. Deposits into, and payments from the DA will be made in accordance with the project approved disbursements forecast. Payment requests from the DA for eligible expenditures will be approved by PERSGA’s General Secretariat and the Financial Officer. Payment requests will be sent to Saudi National Bank for processing of payments. The initial advance under the first application would be determined based on initial projection of 6 months cash needs. The DA would be replenished periodically through **Withdrawal Applications** (WAs) which will be supported by relevant documentation. Authorized signatories, names and corresponding specimens of their signatures would be submitted to the WB prior to the receipt of the first WA. Deposits into and payments from the DA will be made in accordance with the disbursement letter and WB Disbursement Guidelines. A four months' grace period will be granted to allow for the payment of any eligible expenditure incurred before the Grant closing date. PERSGA will prepare withdrawal applications with the related supporting documents, signed by the designated signatories. Payments out of the DA will be made through checks signed by PERSGA’s Secretary General and its Financial Officer and would be replenished as disbursements occur and proper supporting documents are filed. Disbursements out of the DA are subject to the project’s internal controls and will be subject to the annual external audits. No

⁷³PERSGA FM implementation performance under “The Red Sea and Gulf of Aden strategic ecosystem management project” P13794” was consistently Satisfactory.



payments for goods or services other than those related to the Project would be made from the DA.

4. PERSGA will be required to generate **quarterly Interim Financial Reports** (IFRs) and submit them to the WB as part of the Project's progress report or separately. These reports will consist of: (a) *Statement of Sources and uses of funds*: this statement includes reporting on (i) disbursements, by category/component, made within the reporting period, cumulative for the fiscal year and cumulative disbursement since the project's inception, (ii) variance analysis between actual and planned level of disbursements and explanation for significant variances (if any) and (iii) remaining amount yet to be disbursed under the project; (b) *Cash Forecast statement*: this statement reports on Projected Disbursements and calculates the needed funds to be transferred from the WB taking into consideration available in the counterpart's account. Cash Forecast is typically assessed based on the project's historical level of disbursements; and (c) *Reconciliation statement*: which compares the level of disbursements on the WB's Client connection portal with the counterpart's records and report on deviations (if any). **Project Financial Statements** (PFSs) will be prepared annually following the cash basis of accounting and will be subject to external audit and the audited PFS will be submitted to the WB within six months from year-end.
5. **Procurement Arrangements.** Procurement under Component 1 and sub-component 3.1, procurement will be carried out in accordance with the WB's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated November 2020 ('Procurement Regulations'). These will be subject to the WB's "Guidelines on Preventing and Combating Fraud and Corruption in projects Financed by IBRD Loans and IDA Credits and Grants", October 15, 2006, revised in January 2011, and as of July 1, 2016. PERSGA will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record, and track procurement transactions. The WB prior review thresholds for moderate risk rating projects shall apply to the PERSGA activities. The envisage procurement packages are small, therefore, it is expected that no contract will be subject to the WB's prior review. TORs for consultants' services and technical assistance packages will be subject to the WB's technical review with no objection. Under component 1 and sub-component 3.1, the WB will carry out one ex-post procurement review per year that would cover at least 10 percent of the contracts awarded during the review period.
6. The procurement capacity assessment concluded that PERSGA has an established Internal Procurement Manual as a part of the Administration & Procurement manual. Based on the assessment, the following additional requirements are proposed: (a) PERSGA will assign a junior procurement staff within the implementation unit to support the procurement and administrative specialist for managing and supervising all procurement activities under the component; (b) developing a comprehensive project procurement strategy for development (PPSD) including the Procurement Plan; (c) the POM will include detailed explanation of all procurement steps, decision making, and management of records to integrate procurement processing; and (d) training on procurement regulations and STEP in addition to hands-holding support will be provided by the WB staff as needed. Given the nature and non-complex type of procurement under component 1 and sub-component 3.1, PERSGA will prepare a simple project procurement strategy for development (PPSD). The PPSD and the Procurement Plan for the first 18 months of the Project were adopted during negotiations.
7. **Environmental and Social.** Risks and impacts associated with Component 1 and sub-component 3.1 includes occupational health and safety as this component will that mainly support technical assistance and capacity building related activities. PERSGA will assign or recruit an Environmental and Social Officer to provide the required environmental and social support during the implementation of Component 1. To address these potential risks and impacts, PERSGA prepared an ESCP and SEP which were finalized and adopted before appraisal. PERSGA will prepare Labor Management Procedures prior to project effectiveness. Other residual environmental and social impacts associated with Component 1 such as necessary procedure to be adopted as part of COVID-19 mitigation measures



and life cycle management of any electronic equipment purchased by the project will be included in the POM. PERSGA will develop and adopt a GM for the respective project components and separate worker GM.

(b) United Nations Development Program

8. **Technical implementation.** The UNDP country team in Yemen will be responsible for the activities related to Yemen and coordinating all relevant activities at the sub-national level, supported by the regional office staff who will monitor the activities in different governorates. It will be responsible for the technical implementation of the Component 2 and Sub-component 3.2 and related fiduciary, environmental, and social aspects, monitoring and reporting. UNDP will ensure fiduciary and technical accountability of the implementing partner organizations and ensure appropriate training and capacity building of their staff where necessary. UNDP will set up a PCU based in Sana'a within 30 days of project effectiveness, and technical staff deployed in its Aden sub-office and other decentralized hubs to ensure day-to-day project management, including fiduciary, environmental, and social aspects, and monitoring and reporting. UNDP country team will be backstopped by dedicated teams of technical experts at regional and Headquarters' level adopting Level 3 fast-track procedures established due to the emergency situation in Yemen.
9. **Implementing partners.** UNDP will ensure the delivery of sub-component 2.1 through the PWP and SMEPS. SMEPS and UNDP will involve qualified resource persons and training institutions for capacity building and training activities. The selection of national institutions for these roles contribute to building national capacity for sub-national interventions. For activities that would be implemented by the national institutions, UNDP would provide technical guidance and other operational backstopping as required. **SMEPS** will manage the value chain development activities including management of grant mechanisms. The management unit in SMEPS central office in Sana'a will provide overall management and support to the project, while the branch offices will implement the field activities, and provide support and coordination for project activities. SMEPS is well known for its skilled and well-experienced staff. SMEPS will recruit additional personnel to cover any skills or human capacity gaps, as assessed during project preparation. All staff are required to have satisfactory expertise, experience, and qualification. **PWP** will undertake small-scale infrastructure works to be carried out by local contractors. The PWP Headquarter in Sana'a will be the office in charge for implementing activities under PWP through their own 10 branch/sub-area offices in various governorates. PWP has long experience in their areas of responsibility under the project, spanning 20 years, and well-qualified staff with specialized skills in implementing locally and externally financed projects. Additional personnel will be recruited to cover any skills or human capacity gaps, as assessed during project preparation. All staff are required to have satisfactory expertise, experience, and qualifications.
10. UNDP will prepare budgeted Annual Work Plan of implementation and a detailed procurement plan (in agreement with the WB). This budgeted Annual Work Plan will be prepared no later than three months after project effectiveness. It will highlight the activities to be implemented for the subsequent 12 months by component, sub-component and activity level 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 WB to regularly monitor activities of each component, evaluate progress and discuss corrective actions or changes as needed. A detailed POM will be prepared prior to project effectiveness, and it will be subject to the WB's no objection.
11. **Financial Management Arrangements.** Table 3 describes the elements of financial management risks for the proposed project and the respective mitigation measures. The financial management (FM) risk of Yemen activities



is high before mitigation. Implementation of the mitigation measures will be reviewed, and the risks will be reassessed as part of the continuous implementation support for the project. The project’s FM arrangements will be governed by the FMFA between the WB and the UN agencies, which provides for the use of the UN’s Financial Regulations.

Table 3: FM Risks and Mitigation Measures for the proposed project

FM Risks	Proposed Mitigation Measures
<p>High risk due to limited capacity and fragile independence of TPMA/auditors, implementing partners (IPs), and M&E consultants. This risk derives from the security situation in Yemen, resulting in reliance on local firms hired directly by the recipients.</p> <p>Impact: Inaccurate reported results. Recipients are relying on the work of IPs and reports from various types of monitoring and review agents. Because contracts of TPMs and auditors can be terminated directly by the hiring agency, this may negatively impact their independence and impartiality in reporting findings.</p>	<ul style="list-style-type: none"> • New assessments of the IPs/TPM agents and audit firms. • The WB will explore, with the help of Yemeni Association of Accountants and Auditors, areas where capacity-building support needs to be provided to local firms. • Selection of TPMs and auditors will be in consultation with the WB. • TORs for TPMs will be prepared in agreement with the WB. • The recipients will share the TPM reports with the WB immediately after receipt of the reports from the TPM. • Sharing the results of initial assessments of proposed implementing partners with the WB before signing with them. In addition, conducting periodic spot checks and annual audits of implementing partners. • Implementation of these mitigation measures will reduce the risk to Substantial.
<p>High risk related to fraud and corruption due to use of cash in IDA projects.</p> <p>Impact: Misuse of IDA funds.</p>	<ul style="list-style-type: none"> • Regular FM reviews of financial reports during supervision missions to ensure compliance with WB rules/regulations. • Recipients will maximize use of Direct Implementation modality, by which funds will flow directly from recipients’ accounts to the ultimate beneficiaries. • Recipients will rely more on e-payments, mobile banking, and payment agencies to ensure that the funds reach the legitimate beneficiaries. • Implementing these mitigation measures will reduce the risk to Substantial.
<p>High risk stemming from concerns related to the difference in the Yemeni Rial (YER) - US Dollar (US\$) exchange rate between the southern and northern governorates and the associated risks related to possible lack of transparency on how the project funding would be converted from US\$ into YER.</p>	<ul style="list-style-type: none"> • A streamlined mechanism has been developed for the use of market rate in the south. The new mechanism uses the daily published market rate by the Currency Traders Association and maintaining the funds in USD accounts while conversion to YER is made at the time of payment. All implementing partners will apply the new mechanism for the YER treatment in the south. The spot checks and annual audit of implementing partners will ensure compliance with the envisaged new mechanism. • This mitigating measure should bring the risk down to Moderate.
<p>High risk due to limited capacity of national and international staff on the ground.</p> <p>Impact: Inadequate controls are applied, augmenting the risk of misuse of funds; a gap emerges between what is reported and what is implemented on the ground (inaccurate reporting of results).</p>	<ul style="list-style-type: none"> • The recipient will ensure their finance and compliance departments are sufficiently staffed with qualified individuals who will be responsible for the ex-ante and ex-post review of all transactions. • Implementing these mitigation measures will reduce the risk to Substantial.
<p>High risk of extensive use of advances leading to improper use of funds.</p> <p>Impact: Using the funds for unintended purposes.</p>	<ul style="list-style-type: none"> • Use of Direct Implementation modality, applying strong ex-ante (e.g., enrollment measures) and ex-post controls over payments to beneficiaries. • Implementing these mitigation measures will reduce the risk to Substantial.



FM Risks	Proposed Mitigation Measures
<p>High risk due to limited access to areas (nationally and sub-nationally) due to conflict. Impact: The number of project beneficiaries could be affected; the capability of TPM and monitoring agents to access those areas and provide assurance on the work could also be affected.</p>	<ul style="list-style-type: none"> Regular checks by the WB team with the UN agencies, national institutions, and monitoring agents to assess the magnitude of this risk and areas affected. WB and UN agencies prepare a plan B to apply in cases where this risk materializes. The residual risk will be Substantial.

12. UNDP will maintain an **FM system**, including (i) records and accounts, adequate to reflect the transactions related to the activities, in accordance with the requirements of the UN Financial Regulations; (ii) maintain a separate ledger account (Grant Control Account) in their books to record the financial transactions of this project; (iii) prepare, on a quarterly basis, unaudited IFRs, in accordance with accounting standards established pursuant to the UN Financial Regulations and in the format agreed with the WB during negotiation of this project, adequate to reflect the expenditures related to the project. The IFRs will be provided to the WB no later than 45 days after the end of the quarter.

13. To ensure proper **internal controls** are applied over the use of funds, UNDP will ensure the following: (a) The finance team located in the field is comprised of sufficient qualified staff to review and properly maintain and file all original project supporting documents. The finance team will ensure that proper controls are in place over the use of funds and that payments are made for eligible expenditures with consideration to economy and efficiency; (b) The compliance team or its equivalent will assist their finance teams to ensure arrangements are in place for funds to reach the legitimate beneficiaries; (c) Finance and compliance teams will ensure proper controls are in place for management and recording of inventory. They will ensure that proper measures are in place to prevent double-dipping of activities; (d) Adequate financial and technical reviews are conducted regularly by the TPMAs and recipient’s finance and/or M&E teams; (e) In case of payments to individuals in return for goods or services rendered, recipient will use mobile banking, payment agencies or other methods that can provide a high level of assurance that funds reached the intended beneficiaries; (f) UNDP will ensure that IFRs are properly reviewed and approved before submission to the WB. IFR reported expenditures will include no advances other than those agreed with the WB and disclosed in the IFR; (g) UNDP has measures in place of conducting regular spot-checks and annual audits (of implementing partners receiving more than US\$300,000 per annum); and (h) Measures for choosing implementing partners and monitoring their work will be agreed in advance with the WB.

14. The project will use the IFR method for the **flow of funds** to UNDP. The form and substance of the IFR reports were agreed during negotiation. The recipient will use the Direct Implementation modality as much as possible, to mitigate any risk associated with advances to implementing partners, by which funds will flow from the WB to their corporate accounts and then to the ultimate beneficiaries/recipients without going through intermediary accounts. Funds will flow from the WB to the UNDP corporate account. Transfer from the UNDP corporate account to UNDP Yemen will be based on semi-annual forecasts or less. UNDP disburse in US\$ and the Implementing Partners obtain market rates based on UNDP Guidance Note on Exchange Rate following the Yemeni association for money exchangers published rates on the telegram channel. Implementing Partners will follow the UNDP Guidance Note and ensure that the commercial banks they are dealing with apply the rates accordingly. Use of advances to implementing partners should be limited. In cases when advances are used, UNDP will ensure proper controls are in place, such as: (a) the advances should not exceed certain thresholds; (b) no new advances are released to implementing agencies unless previous advances are fully settled (in cases of partial settlement, additional funds can be provided within the limit of the partial settlements made); (c) all original supporting documents for



expenditures incurred under the project are maintained; and (d) all advances have proper audit trails. UNDP will exert all efforts to ensure that funds reach the ultimate beneficiaries with sufficient evidence provided. This includes ensuring that no funds are transferred to the central government or personal accounts of individuals unless those individuals are the legitimate recipients of cash for work or services rendered. UNDP shall ensure that the **audit** of its respective part of the Project is carried out exclusively by its Financial Regulations and Rules. As agreed by UNDP and the WB, the UNDP shall carry out any additional due diligence activities as agreed by the UNDP and the WB in separate terms of reference.

- 15. **Procurement Arrangements.** UNDP will procure for Component 2 and Sub-component 3.2. *Alternative Procurement Arrangements* (APA) will be applied to the program components that will be implemented by UNDP applying its own procurement procedures found acceptable to the WB under other agreements and allowed by the Procurement Framework Policy (Section III.F). UNDP has a procurement team within its office in Sana’a who carry out day-to-day implementation of procurement activities. UNDP will be responsible for: (a) preparing the procurement plans, (b) implementing the procurement plan as agreed with the WB; (c) preparing quarterly reports on the progress of procurement implementation; (d) monitor and report to the WB on progress to implement the procurement plans as approved by the WB to verify the completion of the procurement activities as part of verification of project’s outputs; and (e) ensuring pre-screening of companies/individuals prior to award any contract financed by the Project against the WB’s lists of sanctioned or temporarily suspended companies; this includes ensuring that all Implementing Partners have procedures in place for such screening. UNDP will be approaching the international market using its ongoing framework agreements as well as approaching the local market according to goods/services availability. Procurement risk is substantial. Table 4 describes the elements of procurement risks for the proposed project and the respective mitigation measures.

Table 4. Procurement Risks and Mitigation Measures for the proposed project

Procurement Risks	Proposed Mitigation Measures
<p>Substantial Risk</p> <p>1) Low market response to procure the needed goods such as GPS navigation units and fish finder devices.</p> <p>2) Delays due to unexpected events such as clashes breakout.</p> <p>3) Difficulties with logistics, mainly importation due to COVID-19 restrictions.</p> <p>4) Undue political interference that may evolve from engaging local implementing partner(s) and insufficient oversight from UNDP.</p>	<ul style="list-style-type: none"> • UNDP to approach the international market and explore the limited/direct selection options when needed. • UNDP to carry on advance coordination with the different political parties in Yemen to ensure smooth implementation/delivery. • Frequent reporting on the progress of the procurement plan implementation by UNDP, supplemented by regular direct contact between the WB team and UNDP to review the status of activities. Aside from this, the WB will: a) review and approve the procurement plans and their updates; b) review the third-party monitoring TOR and review summary of the qualifications of the TPM agent candidate before issuing the contract; and c) review the TPM reports and take actions as needed.

- 16. For the purposes of this project, UNDP will ensure that the **PCU** is staffed with one qualified international procurement staff and at least two qualified national procurement specialists to conduct day-to-day procurement functions. UNDP, under the APA arrangements, has experience in implementing several WB funded projects in Yemen such as the YFSRP, Emergency Social Protection Enhancement and Covid-19 Response Project, and the Emergency Crisis Response Project AFs. Under these projects, the WB’s procurement oversight of the APA processes for implementation of procurement has not raised concerns. Few challenges found related to the country’s security



situation and difficulties with logistics. Those challenges were properly mitigated through advance coordination by UNDP with the different political parties. UNDP has a procurement team within its office in Sana'a who carry out day-to-day implementation of procurement activities.

17. A **TPMA** will be hired by UNDP for monitoring and evaluation of development projects, and environmental safeguards aspects of such development projects. UNDP will share the TPM TOR with the WB for review and comments; the TOR should reflect monitoring the progress of procurement plans implementation as approved by the WB to verify the completion of the procurement activities as part of verification of project's outputs. UNDP will also share summary of qualifications of the selected candidate/s for the TPMA position as well as the qualification of its staff/consultants proposed for this project with the WB for its review prior to finalizing and issuing the contract. Any procurement conducted by the **local implementing partners** should follow UNDP's procurement rules and procedures. UNDP will retain full fiduciary responsibility and accountability for procurements carried out by any local partner if any. UNDP will ensure that all Implementing Partners have sufficient and experienced procurement staff with adequate skills to carry out the procurement functions under the Project.
18. UNDP has prepared a **PPSD and PP** by negotiations for Component 2 and sub-component 3.2 and were adopted during negotiations. UNDP is not required to utilize STEP. In addition, there will be no contract subject to WB prior review, and UNDP has its own tracking system that could generate procurement progress reports as required.
19. **Environmental and Social.** To address the potential risks and impacts under Component 2 sub-component 2.2, UNDP prepared an ESMF, a LMP, a SEP, and a SMP, and will prepare a GAP. These instruments were adopted and disclosed prior to appraisal, with the exception of the SMP and GAP (once prepared), which will remain confidential given their sensitive nature.
20. UNDP will establish and maintain a PCU with qualified staff and resources to support the management of environmental and social risks and impacts of the Project, including hiring qualified staff with environmental and social expertise to support the management of ESHS risks and impacts. Currently, UNDP has an international Environmental and Social Specialist, one Environmental Officer; one Social Officer, and one OHS Officer. The Implementing Partners will hire one Environmental Specialist, one Gender and Social Officer as well as additional environmental and social staff as deemed necessary. ESHS Officer stationed as the contractor's key personnel at the Site. UNDP will develop and adopt a GM for the respective project components and separate worker GM.

B. Implementation Support Plan and Resource Requirements

21. The proposed Implementation Support Plan (ISP) is based on the design and risk profile of the project. All implementing entities, have extensive technical and project management experience in their respective areas and have capacity to implement the project satisfactorily (at a minimum). However, the complex operating environment due to COVID-19 risks and the security situation in Yemen has heightened the risks and complexities associated with implementation. As a result, the WB will provide three implementation support missions every year at least for the first two project implementation years, instead of the usual two missions and other regular meetings to reach agreements and provide guidance as per the detailed implementation plan. While the PERSGA and UNDP are responsible for overall project implementation, including the project's technical aspects, the WB will provide the necessary implementation support including: (i) assessing implementation progress and achievement of results on the ground through reviews of progress reports by the PERSGA, UNDP, the TPM agent and implementing partners in Yemen through regular implementation support missions; (ii) proactively raising and assisting with solutions to any emerging issues before they become critical problems; and (iii) between missions, following up on monitoring



and reporting on implementation progress and achievement of results. Fiduciary aspects of project implementation will be reviewed and advised on as part of the implementation support missions, as well as on an ad hoc basis as issues arise. In particular, fiduciary issues identified under the project preparation will be monitored during the implementation of the project and will be reported. Implementation support missions will emphasize on ensuring that social and environmental risks and impacts are adequately monitored and addressed in a timely way. WB fiduciary, environmental and social specialists will participate in all implementation support missions, as well as provide monitor and provide guidance on an ad hoc basis. A MTR mission will be conducted by end of year 2 of project implementation to assess progress toward achieving the PDO, identify challenges and any changes needed, including possible changes to the implementation of the project. No later than six months before the expected project closing, an Implementation Completion and Results Report (ICR) Review mission will be organized to carry out a comprehensive assessment of the project and draft the WB ICR, as well as to guide PERSGA and UNDP in the preparation of their ICRs.

- 22. The ISP focuses on actions that the WB will perform and on associated needs in terms of skills and resources. The successful support and monitoring of implementation will require a multidisciplinary set of technical specialists along with fiduciary and environmental and social specialists. It is expected that a core group of the WB's technical experts will help to provide regular guidance and implementation support, with outside experts mobilized as needed.

Table 5. Implementation support plan

Table with 3 columns: Project Implementation Stage, Areas of focus, and Skill mix. It details the implementation plan across five stages from 0-3 months to 36-48 months, listing specific focus areas and required skill sets for each.