



Investing in rural people

Report to the President
Proposed additional financing to
The Government of Yemen
Rural Livelihoods Development Project

Project ID: [2000004349](#)

Technical questions:

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Contents

Financing summary	ii
I. Background and project description	1
A. Background	1
B. Original project description	1
II. Rationale for additional financing	2
A. Rationale	2
B. Description of geographical area and target groups	5
C. <i>Components, outcomes, and activities</i>	5
D. Costs, benefits and financing	8
III. Risk management	12
A. Risks and mitigation measures	12
B. Environment and social category	13
C. Climate risk classification	14
IV. Implementation	14
A. Compliance with IFAD policies	14
B. Organizational framework	14
C. Monitoring and evaluation, learning, knowledge management and strategic communication	15
V. Legal instruments and authority	16

Appendices

- I. Updated logical framework incorporating the additional financing
- II. Integrated Project Risk Matrix

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Financing summary

Initiating institution:	International Fund for Agricultural Development
Executing Agencies/Implementing partners:	Food and Agricultural Organization (FAO) Social Fund for Development (SFD) World Food Program (WFP)
Total Revised Project Cost:	US\$ 38.8 million
Total Original Project Cost:	US\$ 21.4 million
Amount of original IFAD financing:	US\$ 3 million - Rural Poor Stimulus Facility US\$ 2.3 million - Facility for Refugees, Migrants and Forced Displacement (Swiss Development Cooperation contribution)
Terms of original IFAD financing:	Grants
Co-financier	Global Environment Facility
Amount of original co-financing:	US\$ 10.0 million
Terms of co-financing:	Grant
Amount of additional IFAD financing:	US\$ 7.0 million
Terms of additional IFAD financing:	ASAP+ grant
Amount of additional co-financing:	US\$ 15.0 million.
Co-financier(s):	Global Agricultural & Food Security Program
Terms of co-financing:	Grant
Contribution of beneficiaries:	US\$ 1.4 million
Total implementation period	7 years

I. Background and project description

A. Background

1. The Rural Livelihoods Development Project was designed in 2020 as a five-year US\$21.4 million project with the goal of rebuilding communities' resilience to economic and environmental shocks and improving the livelihoods of poor, excluded and deprived people in Yemen. The project was approved by the Executive Board at its [131st session in December 2020](#) with prospective financing from the Global Environment Facility (US\$ 10 million grant), beneficiary contributions (US\$ 1.42 million) and a financing gap of US\$ 10 million.
2. In accordance with the Board's guidance, [staff updated the Board](#) in April 2021 on further financing mobilised from special facilities: [US\\$ 3 million from IFAD's Rural Poor Stimulus Facility \(RPSF\)](#), and a [US\\$ 2.3 million contribution from the Swiss Development Cooperation to IFAD's Facility for Refugees, Migrants and Forced Displacement \(FARMS\)](#).
3. The grants from the RPSF and FARMS facilities, which entered into force by the end of 2021, were structured to deliver rapid results, responding to COVID19 and fragility-related vulnerabilities. As such, both grants were foreseen to terminate in 2023, far short of the approved five-year RLDP project timeline. Yet these grants provided a crucial preparatory phase under a unique country programming context and remote design. The two grants enabled IFAD to develop programme implementation regulations and coordination mechanisms among the two selected implementing partners; probe their efficacy in delivering results under a challenging, dynamic state of affairs in Yemen; comprehensively pursue compliance with fiduciary requirements, in the absence of usual Government-led systems arrangements; and test overall systems performance.
4. While support from IFAD's facilities helped target communities with short-term recovery, IFAD continued to pursue additional financing from its own resources and from international partners. Grants of US\$ 7 million and US\$ 15 million respectively from IFAD's ASAP+ programme and from the Global Agriculture and Food Security Programme (GAFSP) 7th round of funding have since been secured. This President's Report seeks approval to fill the original financing gap- and indeed to further advance the project scale- in view of the scale of investment needs in the Yemen and the effective delivery channels established by IFAD through FARMS and RPSF.

B. Original project description

5. **Project Objective:** RLDP's goal is to rebuild communities' resilience to economic and environmental shocks and improve the livelihoods of poor, socially excluded and deprived people in deprived areas. Its development objective is to improve the food security and the incomes of small-scale farmers through increased agriculture production and strengthened resilience to climate risks.
6. At design, it was expected that the project would benefit a total of 26,000 households in five provinces (selected based on population density, vulnerability to climate risks, and IFAD's past investments with communities the area). Within the selected Governorates, districts would be targeted based on food insecurity, malnutrition levels (IPC classification and GAM Index) and climate vulnerability; and within the selected districts, the poorest and most food-insecure communities and households, engaged in agricultural activity, would be targeted.
7. Project outcomes are anchored on four components: (i) Community Mobilization and Strengthening; (ii) Climate-Resilient Community Infrastructure; (iii) Protection of Agriculture Livelihoods; and (iv) Project Management. The corresponding outcomes delineated in the original logical framework were:
 - The community and farmer institutions are strengthened to deliver the services effectively and to ensure the sustainability of project investments

- Strengthen the environmental sustainability and climate resilience of poor rural people
 - Enhance the resilience and protect the livelihoods of agriculture households in Yemen
8. To enhance the specificity and measurability of the outcome targets in the original result framework, they have been re-stated in appendix I.
9. **Implementation Arrangements.** As designed, the UN Food and Agriculture Organisation (FAO) and the Social Fund for Development (SFD) have been appointed as two co-lead implementing agencies, while the internationally-recognised Government of Yemen remains involved in an advisory and facilitative capacity. RLDP has been entrusted to the two organisations owing to their political neutrality and credibility among key local power bases, and their active presence throughout the country before and throughout the conflict. WFP will also be contracted for a micro-grant and potentially engaged as an implementing partner downstream, in strengthening domestic food chains and linking smallholders to private sector and markets.
10. The selection of the implementing partners acknowledges their well-established outreach and their wide network of local partners and experts, good track record with other development financiers, and the sufficiency of their financial management and procurement systems. Both organisations have demonstrated experience in building capacity at the grassroots, and in leveraging local actors and partners for effective delivery.

II. Rationale for additional financing

A. Rationale

11. The protracted conflict in Yemen has had a devastating aggregate impact on the country, compounded by the fallout of the Ukraine crisis and food trade disruptions during the COVID19 pandemic - leading to one of the most severe humanitarian crises in the world. Gross Domestic Product has dropped by more than 50% in a decade, ranking Yemen as one of the poorest and most fragile countries in the world. According to the World Food Program's most recently published Food Security Update for Yemen, the country is experiencing an unprecedented level of hunger, with an estimated 17 million Yemenis experiencing food insecurity. Hunger and food insecurity will likely worsen during the second half of 2023: projections estimated an increase of 20% in the number of people in the *crisis* category of the Integrated Food Security Phase Classification (or IPC3), reaching 3.9 million persons, or 40% of the population.
12. Although agriculture continues to provide a lifeline to 45% of the population, production is constrained by the breakdown of markets and services, leading to shortages in agricultural inputs (including seeds, fertilizers, and fuel), poor availability of water and energy, and the breakdown of logistical and supply chains. The sector is also exposed to the impacts of climate change and extreme weather events, some of which are already having adverse impacts: the country has experienced repeated cycles of heavy rains and unpredictable floods in recent years, causing damage to homes, infrastructure, crops and farmland.
13. The combination of conflict-related challenges, water scarcity and climate change poses a continued threat to Yemen's agricultural sector, its food security and to the livelihoods of its farming population. Cereal import dependence has reached 97% in 2023; and food imports provide 80% of daily caloric content. Wheat and rice are among the top imports into Yemen in value (\$1.3 billion in 2021). Imports from Russia and Ukraine, which supplied 25% and 19% of Yemen's wheat imports respectively before Russia's invasion of Ukraine, have diminished greatly. India, which contributed almost one third of wheat imports in the fifteen months following Russia's invasion, provided a low-cost alternative for wheat as well as providing two thirds of Yemen's rice imports in 2021. However, India itself instituted an export ban on wheat since May 2022; and a rice ban in July 2023¹. Yemen's dependence on global food markets is coupled with deteriorating purchasing power resulting from global

¹ <https://economictimes.indiatimes.com/news/economy/agriculture/rice-prices-set-to-climb-further-after-india-export-ban-trade-at-standstill/articleshow/102003936.cms>

and domestic inflation², poor domestic economic performance, currency depreciation, high population growth and a growing age dependency ratio.

14. Under these overwhelming conditions, the development community has rightly prioritised humanitarian assistance. On the ground, the humanitarian response has been spearheaded by the UN and international NGOs, who coordinate their response with the internationally recognized Government and the *de facto* local authorities based in Sana'a. The primary coordination mechanism for food security is the Food Security and Agriculture Cluster (FSAC), chaired by FAO and WFP. The strategy pursued by FSAC is to coordinate targeting and delivery of food assistance to the most food insecure and vulnerable people (those facing IPC3 and above), through a twin track approach: "saving lives, and enhancing livelihoods". The strategy, thus, seeks to combine the delivery of short-term emergency food assistance with longer-term investments in community assets and productive infrastructure in addition to livelihoods support to boost agricultural productivity, employability and stimulate economic recovery.
15. Although Yemen has been receiving large amounts of food and cash assistance, helping forestall the risk of famine, resources to support livelihoods and invest in agricultural production have fallen far below the needs and targets set by FSAC and OCHA. The largest investment program for food security is the World Bank-funded Food Security Response & Resilience Project (FSRRP). Despite a budget of over US\$ 250 million, the FSRRP is unable to fully meet existing needs, especially those related to the revitalization of agricultural production through investments in climate-resilient infrastructure and improving the livelihoods of rural populations.
16. Limited public investment and insufficient support to private entrepreneurship raises concerns about the possibility for Yemen to exit its humanitarian emergency. IFAD's advancement of RLDP offers one avenue for supporting Yemen's emergence from cycles of conflict, poverty and hunger, and positions IFAD as a strategic contributor, helping build a pathway for inclusive prosperity along the humanitarian-development-peace nexus. Rebuilding irrigation infrastructure, restoring access to agricultural inputs, improving water management practices, and implementing climate-resilience strategies are crucial to reviving the agricultural sector and supporting a recovery in sustainable food production in Yemen. Through RLDP, IFAD aims to support such a revival in close collaboration with FAO, WFP, the World Bank and other development partners, as well as key local actors and civil society. Importantly, the additional financing will enable IFAD to expand its programming in Yemen, positioning it to contribute towards progress in accomplishing SDGs 1 and 2 in the poorest country of the Middle East.
17. **Implementation Progress:** To date, IFAD signed two grant agreements with FAO and SFD to implement RLDP. The grant agreement with FAO, funded by FARMS, was signed on 13 April 2022 with a completion date of 31 December 2023. The grant agreement with SFD, funded by RPSF, was signed in September 2021 and entered into force in January 2022, with a completion date of 30 September 2023.
18. Considering the complex operating conditions in Yemen, the IFAD's supervision mission of November 2022 rated RLDP's implementation progress as moderately satisfactory. The mission underscored the need for improved coordination between the two implementing partners, which has since led to monthly exchange meetings between SFD, FAO and IFAD to enhance communication, track progress, and integrate interventions among the two implementing partners.
19. FAO is implementing activities around community mobilization, nutrition, and farmer field schools (FFS)/farmer business schools (FBS). Its diagnostic study identified the topics of 190 FFS benefiting 3500 beneficiaries and 20 FBS benefiting 500 beneficiaries. To date, FAO had

² Wheat flour prices in Yemen in the first quarter of 2023 were close to double the 5-year average in almost all local markets: <https://reliefweb.int/report/yemen/yemen-price-bulletin-may-2023>

concluded contracts with multiple partner organizations for the implementation of FFS and nutrition activities. As of July 2023, IFAD disbursed US\$ 1.57 million, or 68% of the total budget, to FAO.

20. The activities led by SFD first experienced some start-up delays, due to security clearance challenges and COVID-19 restrictions in late 2021 and early 2022. It has since entered full implementation mode with prioritization and planning processes largely completed in 2022 and delivery of community infrastructure in 2023. The project's outreach is now surpassing the initial target of 2600 communities. As of June 2023, SFD has withdrawn and utilised US\$ 2.14 million, representing 71% of the total agreement amount of US\$ 3.0 million. SFD is set to submit its final withdrawal application and expects to complete all activities within the designated timeframe. Overall, SFD has proven to be a responsive partner, effectively navigating the complex political situation in the country.
21. While the GAFSP and ASAP+ funding will require a significantly higher level of expenditure, SFD and FAO Yemen have carefully fulfilled IFAD requirements for the delivery of RLDP. Both organizations are demonstrating capability for larger delivery levels, e.g. in projects currently under implementation with World Bank financing.

Special aspects relating to IFAD's corporate mainstreaming priorities

22. In line with IFAD's mainstreaming commitments, RLDP has been validated as:

- Including climate finance
- Nutrition-sensitive
- Youth-sensitive

23. The Notre Dame Global Adaptation Index³ ranks Yemen among the countries least prepared for climate shocks and among the most vulnerable to climate change, at 174 of 185 ranked – with an increasing vulnerability trend. Due to the effects of climate change, Yemen faces more erratic and heavy rainfall. In April 2023 for example, heavy rains and flooding devastated communities, causing deaths and injuries, destroying infrastructure and livelihoods⁴. Research by the Climate and Environment Observatory indicates 257,000 hectares of cropland are exhibiting signs of distress⁵, whilst the World Bank estimated productivity decline on two-thirds of the total cropland between 2014-2017⁶.
24. Most of Yemen's vulnerable and food insecure communities live in fragile, resource-scarce and degraded environments, and in areas that are prone to climate disasters and exposed to frequent shocks. Yemen is the seventh most water-scarce country in the world and it has one of the lowest water per capita availability globally at only around 80 cubic meter/capita/year, compared to the accepted water poverty level of 1,000 cubic meter/capita/year.⁷ Deterioration and depletion of ground water system and over exploitation of ground water is prevalent. In the summer of 2022, droughts were reported across the country which added pressure to the already dire food security situation caused by conflict and food import blockages⁸.
25. In total 117 of the country's 118 districts are projected to be at crisis or emergency food insecure levels (IPC3 or above). Deteriorating levels of malnutrition are likely to lead to an estimated 500,000 children being malnourished, of which 100,000 are expected to be severely malnourished.
26. Youth, under the age of 18, represent half of Yemen's population and 82 percent of them have less than primary education and are ranked amongst the poorest and are often

³ Notre Dame Global Adaptation Initiative,

⁴ IFRC, May 2023. Floods in Sana'a district: <https://reliefweb.int/report/yemen/yemen-sanaa-floods-dref-ndeg-mdrye011-final-report>.

⁵ Yemen's agriculture in distress; October, 2020, [Conflict and Environment Observatory](#)

⁶ World Bank [2018] [Middle East and North Africa Food Security in Yemen and Djibouti](#)

⁷ [Water availability in Yemen](#) (UNDP, Acacia Water; 2021)

⁸ Food security technical secretariat, monthly update August 2022: <https://fsts-aden.org/en/?p=1415#>

landless. RLDP prioritises women-headed and youth-led households in addition to those most affected by the conflict, especially internally displaced persons (IDPs). At design, rural women and youth were expected to represent 60% and 50% of total beneficiaries, respectively. However, SFD experience with several of its programmes, including RLDP, suggests that even deliberate and direct targeting approaches would face difficulties securing 60% participation/benefits for women, given the immense structural challenges in Yemen.

B. Description of geographical area and target groups

18. **Governorates characteristics:** The project will continue to target the Governorates of Dhamar, Al-Dhala, Lahej, Taiz, and Al Hudaydah, with possibility to scale up to additional provinces based on need criteria and following due diligence including SECAP assessments and internal restructuring approval. These Governorates were chosen based on their vulnerability to climate risks, population density and previous investments by IFAD. Districts will be determined based on food security (IPC) classification, malnutrition level (Global Acute Malnutrition-GAM), and climate vulnerability. Issues of accessibility, security, concentration of Internally Displaced Persons and of donor investments will also be considered in the selection process.
19. With the additional financing, there is an opportunity for RLDP to coordinate the targeting of its interventions with other partners using the World Bank-led and UNDP-coordinated geo-bundling platform. The geo-bundling approach was introduced by the World Bank to optimize investments across targeted districts and sub-districts by combining a 'bundle' of investments including cash transfers, food security and community infrastructure in accordance with community priorities. By concentrating investments in the most food insecure sub-districts, the geo-bundling enhances the collective impact of individual projects in locations that have high degree of food insecurity and proven agricultural production potential. At the sub-district and community levels, the assessment and prioritization of interventions is led by the SFD using their Empowerment for Local Development Program (*TAMKEEN*). *TAMKEEN* operates through a network of 100 village cooperative councils and sub-district development committees (VCCs and SDCs). With the additional financing, RLDP will increase the number of beneficiaries from 26,031 households as per original design, to 49,292 households. Table 1 shows an overview of the outreach per components.

	Total Households	Total HH members
Component 2: Climate Resilient Community Infrastructure	9,495	63,616
Component 3 : Protection of Agriculture Livelihoods	39,797	266,640
<i>Grand Total</i>	<i>49,292</i>	<i>330,256</i>

20. The geo-bundling approach provides a strong coordination and planning framework and ensures an inclusive process for the selection and delivery of interventions. Its reliance on local community structures also contributes to empowering local communities to manage investments, thereby contributing to a solid exist strategy and the sustainability of RLDP interventions.
21. RLDP shall consider SFD's and FAO's recommendations with regards to how RLDP's investments in the selected districts could most effectively complement existing or planned investments financed through other partners, as defined through the geo-bundling platform and ODA coordination structures. RLDP could consider aligning its targeting with the geo-bundling programming and directing the scale-up to districts/sub-districts selected therein. In all cases, IFAD will ensure that RLDP criteria are applied in the final selection of intervention locations. Any future proposal for working beyond the selected Governorates would be subject to SECAP and approval of a restructuring memo.

C. Components, outcomes, and activities

27. With the additional financing, the RLDP retains its original design with interventions planned under three main components: (i) Community Mobilization and Strengthening; (ii) Climate-Resilient Community Infrastructure; and (iii) Protection of Agriculture Livelihoods, in addition to (iv) Project Management.

28. Component 1: Community Mobilization and Strengthening: This component aims to engage communities in identifying their investment priorities across the project's main components. It consists of two sub-components: 1.1 Community Mobilization and Engagement and 1.2 Community Capacity Building.

- Sub-component 1.1 Community Mobilization and Engagement: This sub-component ensures that the project follows a community-based bottom-up approach to define and prioritize investments through a transparent and participatory process. Once the target districts have been selected, the implementing partner engages sub-district committees (SDCs) and village community councils (VCCs) to identify the most vulnerable sub-districts and village units and, within them, the target communities, and households. While this planning process will leverage SFD's TAMKEEN community participation approach, SFD will ensure that the targeting is aligned with RLDP's targeting criteria as detailed in the original design and the Project Implementation Manual.

In the upcoming phase of the project, RLDP will continue to target districts that have been selected during the preparatory phase. However, in line with the project's commitment to flexibility (detailed below under implementation arrangements), there will be room for re-evaluating the selection of districts to better align interventions with those mapped on the geo-bundling platform while ensuring optimal targeting as per the project's targeting criteria.

Through its flagship TAMKEEN program, SFD has a track record of effective development planning that ensures local participation in infrastructure projects including women, internally displaced persons, and other marginalized groups. Moreover, SFD takes the lead in undertaking needs assessments for several other projects funded through other donors and it trains community members to strengthen their leadership potential. So, RLDP will partner with the SFD to implement this sub-component. Together with community representatives, SFD staff will also be responsible for determining the most appropriate contracting modality (community contracting, individual contracting, cash for work or through private sector) for each type of infrastructure identified. The selection of target communities will further assess their willingness to participate in the project's activities based on a standard Terms of Partnership. The Terms of Partnership will specify the roles and responsibilities of each partner, their contribution in cash and kind and the operation and maintenance arrangements, etc.

- Sub-component: 1.2: Community Capacity Building: This sub-component will provide technical assistance to train community organizations and beneficiaries of the infrastructure schemes. It will also select the trainers and participants in adult literacy, nutrition support and livelihood packages following the same participatory approach.

This sub-component will be implemented by SFD in close cooperation with FAO technical experts to identify capacity building needs for agricultural production which will be delivered through Farmer Field Schools (FFSs). FAO will be responsible for refining the training topics, their timing, location, and format for the FFSs.

In the original project design, Component 1 was allocated a total of US\$ 1.6 million. It is proposed to scale up this component with a provisional additional financing of US\$ 200,000 to allow for the management of consultations and community mobilization for additional investments and, potentially, in new districts to be targeted by the project. The total budget allocation for this component will be US\$ 1.8 million.

29. Component 2: Climate Resilient Community Infrastructure: This component aims to improve domestic water supply and irrigation water supply by developing water-related infrastructure. It comprises three sub-components: 2.1: domestic water supply; 2.2: small-scale irrigation and flood-based livelihood systems (spate diversion irrigation) and 2.3: soil and water conservation.

- Sub-component 2.1: Domestic Water Supply: This intervention will provide households, communities, and Village Units (VUs) with sustainable potable drinking water sources by restoring existing schemes or building new water facilities. The types of schemes that will be supported include: i) individual household rooftop rainwater harvesting systems; ii) new community drinking or multi-purpose water schemes and iii) rehabilitation and upgrading of existing water supply projects at the village unit level. With the additional financing, the expected number of household beneficiaries is estimated at 5,488 households or 36,770 persons.
 - Sub-component 2.2: Small-scale Irrigation Schemes and Flood-based Agriculture: This sub-component enhances agricultural production by rehabilitating and improving small-scale community-level water infrastructure for irrigation schemes and flood-based agriculture schemes. Activities may include the rehabilitation and modernization of irrigation schemes and the rehabilitation of flood-based agricultural systems. With the additional financing, this sub-component could potentially benefit up to 1,900 households or approximately 12,500 individuals.
 - Sub-component 2.3: Soil and Water Conservation Measures: This intervention will reduce soil erosion, water loss, and landslides which are induced by extreme cycles of droughts and floods that result in environmental, social, and economic costs. With the additional financing, it is expected to potentially benefit 2,150 households or 14,405 people. More specifically, the sub-component will provide support to (i) rehabilitation of terraces and runoff control structures; and (ii) rehabilitation of village roads.
30. Given its long experience managing agricultural infrastructure projects and its ability to operate across the country using its district officers and engineers, SFD will be retained as the implementing partner for this component. In the original project design, Component 2 was allocated a total of US\$ 6.0 million. With a provisional additional allocation of US\$ 9.8 million, the total budget allocation will be US\$ 16 million.
31. **Component 3: Protection of Agriculture Livelihoods**: This component aims to protect rural households by restoring their livelihoods and providing them with improved levels of food and nutrition security, with a focus on the most vulnerable. It consists of three sub-components: 3.1: Capacity Building for Agriculture Production through Farmer Field Schools; 3.2: Food & Nutrition Security; and 3.3: Livelihood Resilience and Value Addition.
32. Component 3 is currently implemented by FAO, for Sub-Components 3.1 and 3.2, and by SFD for Sub-Component 3.3. With the additional financing, these same implementation arrangements will be retained. Additionally, US\$150,000 will be provided to WFP to assess the competitive landscape and market conditions applying a fragility lens, with focus on inclusion of smallholder farmers.
- Sub-component 3.1: Capacity Building for Agriculture Production. This sub-component will deliver two sets of activities: (i) Farmer Field Schools, to strengthen the capacity of farmers, both men and women, in adopting environmentally sustainable and climate-resilient technologies and practices for agriculture production; and (ii) Applied Research for Vulnerability Reduction.

With the additional financing, RLDP will train 8,169 individuals in improved crop and livestock production, as well as climate-related risk management. The Farmer Field Schools will serve as the main modality for delivering the training. However, in appropriate cases, certain practices will also be demonstrated through field visits, pilot demonstrations of adaptation practices and technologies, and exposure to best practices on natural resource management (NRM) and climate change adaptation from relevant experiences of other projects implemented in comparable contexts.

Applied Research will support improvements in research capacity and reducing climate vulnerability on farmer's fields. This will be achieved through improving crop productivity in each agroclimatic zone by testing appropriate technologies, techniques, and management practices. The focus will be on enhancing climate change resilience and mitigating risks specific to each governorate.

- Sub-component 3.2: Food and Nutrition Security. This sub-component includes three activities: (i) empowering women and youth through adult literacy trainings; (ii) enhancing nutritional security through nutrition sessions; and (iii) crisis contingency.

The contingency with zero allocation provisions for possible natural disasters or other crisis. A dedicated crisis and disaster risk reduction disbursement line would enable RLDP to respond and adapt quickly in case of crises (e.g. heavy flooding) in target areas. The requirements and methods to trigger a reallocation from funds allocated to other activities will be detailed in the project implementation manual, and their inclusion will constitute a disbursement condition. This will allow funds to be applied rapidly from other categories in the event of a natural disaster or other crisis.

- Sub-Component 3.3: Livelihood Resilience and Value Addition: This sub-component aims to assist vulnerable households in recovering their livelihoods by offering livelihood support packages and enhancing the value of their current production to increase resilience. With the additional financing, the sub-component will include a fourth activity that was not included in the original project design. Activities to be implemented under this sub-component will include (i) Provision of technical assistance to an estimated 1,235 households to evaluate the economic and technical viability of their proposed investments; (ii) Distribution of livelihood packages to 1,964 households; and (iii) an additional allocation in the amount of US\$ 150,000 will be provided to WFP to undertake the scoping for engaging smallholders in supply chains, potential linking with its regular school feeding programme and other food aid supply schemes. An allocation of US\$ 3 million is reserved for implementing the recommendations of the WFP's Smallholder Access Support methodology, subject to a project restructuring and adjustments in the Project Implementation Manual to detail the methods and procedures as well as governing regulations in alignment with an updated SECAP, if applicable.

33. The initial budget allocation for Component 3 was US\$ 6.2 million targeting a total of 18,000 households, with 64% women and 53% youth expected to benefit from direct support. It is proposed that that this component be scaled up with an additional financing of US\$ 10 million, bringing the total allocation to US\$ 16 million.

34. **Component 4: Project Management:** This component will cover the management cost of the leading implementing partners, including support to their financial management, procurement, monitoring and evaluation (M&E) functions; and M&E related surveys, assessments and knowledge management. The revised budget allocation for this component will be 4.5 million. In addition, a crisis contingency subcomponent has been added to the costab where additional funds can be allocated to in the case of a crisis.

D. Costs, benefits and financing

Project costs

35. RLDP's original cost was estimated at US\$ 21.42 million, with an implementation period of 5 years. The project was to be financed by GEF financing of US\$ 10 million and a financing gap of US\$ 10 million. The beneficiary contribution was estimated at US\$ 1.42 million in in-kind contributions, primarily labour for the operation and maintenance of infrastructure.
36. The proposed additional financing assembles US\$ 22 million from ASAP+ and GAFSP. After testing RLDP through its rollout and initial results, the estimated beneficiary contribution remains at US\$ 1.4 million. Total revised project costs are estimated at US\$ 38.7 million.

Table 1
Original and additional financing summary
 (Thousands of United States dollars)

	<i>Original financing</i>	<i>Materialized Financing</i>	<i>Additional financing</i>	<i>Total</i>
GAFSP			15 000	15 000
ASAP+			7 000	7 000
RPSF		3 000		3 000
FARMS		2 315		2 315
GEF	10 000			10 000
Beneficiaries	1 421		23*	1 444
<i>Financing gap</i>	<i>10 000</i>			-
Total	21 421	5 315	23 445	38 759

* Beneficiary financing was overestimated in the original financing, \$23 is the net effect of downward correction (negative) plus increase in project scale (positive)

Table 2
Additional financing: project costs by expenditure category and financier
 (Thousands of United States dollars)

	GAFSP		ASAP+		GEF		SDC		IFAD RPSF		Beneficiaries		The Government		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs																
A. Technical Assistance & Consultancies	1 924	45.0	195	4.6	1 414	33.1	411	9.6	327	7.7	-	-	-0	-	4 271	11.0
B. Grants and Subsidies	-	-	-	-	-	-	0	100.0	-	-	-	-	-	-	0	-
C. Goods Services & Inputs	4 589	38.6	928	7.8	4 708	39.6	425	3.6	1 055	8.9	193	1.6	0	-	11 897	30.7
D. Training Workshops & Meetings	5 021	76.7	36	0.6	830	12.7	622	9.5	39	0.6	-	-	0	-	6 548	16.9
E. Civil Work	2 016	16.6	4 934	40.8	2 587	21.4	-	-	1 320	10.9	1 251	10.3	0	-	12 108	31.2
Total Investment Costs	13 549	38.9	6 094	17.5	9 539	27.4	1 458	4.2	2 740	7.9	1 444	4.1	0	-	34 824	89.8
II. Recurrent Costs																
A. Salaries and Allowances	926	37.0	708	28.3	226	9.0	418	16.7	222	8.9	-	-	-	-	2 500	6.4
B. Operating Costs /a	525	36.6	199	13.8	235	16.4	439	30.6	38	2.6	-	-	-0	-	1 435	3.7
Total Recurrent Costs	1 451	36.9	907	23.0	461	11.7	857	21.8	260	6.6	-	-	-0	-	3 935	10.2
Total PROJECT COSTS	15 000	38.7	7 000	18.1	10 000	25.8	2 315	6.0	3 000	7.7	1 444	3.7	0	-	38 759	100.0

Table 3
Additional financing: project costs by component (and subcomponent) and financier

	GAFSP		ASAP+		GEF		SDC		IFAD RPSF		Beneficiaries		The Government		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
A. Community Mobilization & Strengthening																
1. Community Mobilization & Engagement	200	34.1	-	-	-	-	280	47.8	106	18.1	-	-	-	-	586	1.5
2. Community Capacity Building	35	2.7	-	-	1 239	96.2	-	-	13	1.0	-	-	0	-	1 287	3.3
Subtotal	235	12.6	-	-	1 239	66.1	280	14.9	119	6.4	-	-	0	-	1 873	4.8
B. Climate Resilient Community Infrastructure																
1. Domestic Water Supply	1 388	21.2	1 418	21.7	2 194	33.6	-	-	1 344	20.6	191	2.9	0	-	6 535	16.9
2. Small-scale irrigation and flood-based livelihoods systems	180	3.9	2 609	56.6	839	18.2	-	-	599	13.0	384	8.3	0	-	4 611	11.9
3. Soil and water conservation	1 056	22.0	1 984	41.2	1 094	22.8	-	-	-	-	675	14.0	0	-	4 809	12.4
Subtotal	2 623	16.4	6 010	37.7	4 127	25.9	-	-	1 943	12.2	1 251	7.8	0	-	15 954	41.2
C. Protection of Agriculture Livelihoods																
1. Capacity Building for Agriculture Production	205	8.3	84	3.4	2 010	81.1	180	7.3	-	-	-	-	-0	-	2 479	6.4
2. Food and Nutrition Security	5 882	84.9	-	-	-	-	1 042	15.1	-	-	-	-	0	-	6 925	17.9
3. Livelihood Resilience and Value Addition	4 212	60.9	-	-	1 985	28.7	-	-	532	7.7	194	2.8	0	-	6 922	17.9
Subtotal	10 300	63.1	84	0.5	3 996	24.5	1 222	7.5	532	3.3	194	1.2	0	-	16 326	42.1
D. Project Management, M&E and KM																
1. Project Management Unit	1 191	36.5	907	27.8	235	7.2	709	21.7	222	6.8	-	-	-0	-	3 264	8.4
2. M&E and Knowledge Management	651	50.9	-	-	341	26.7	103	8.1	183	14.3	-	-	0	-	1 278	3.3
Subtotal	1 842	40.5	907	20.0	576	12.7	813	17.9	405	8.9	-	-	-0	-	4 542	11.7
E. Unallocated	-	-	-	-	63	100.0	0	-	-	-	-	-	0	-	63	0.2
Total PROJECT COSTS	15 000	38.7	7 000	18.1	10 000	25.8	2 315	6.0	3 000	7.7	1 444	3.7	0	-	38 759	100.0

Table 4

Project costs by component and project year (PY)

(Thousands of United States dollars)

	2022	2023	2024	2025	2026	2027	2028	Total
A. Community Mobilization & Strengthening								
1. Community Mobilization & Engagement	193	193	50	50	33	33	33	586
2. Community Capacity Building	13	-	292	291	234	200	200	1 230
Subtotal	206	193	342	341	267	233	233	1 816
B. Climate Resilient Community Infrastructure								
1. Domestic Water Supply	522	822	411	521	521	1 809	1 809	6 415
2. Small-scale irrigation and flood-based livelihoods systems	324	275	665	651	541	1 010	921	4 388
3. Soil and water conservation	-	-	947	908	567	1 093	1 093	4 609
Subtotal	846	1 097	2 023	2 080	1 629	3 912	3 823	15 412
C. Protection of Agriculture Livelihoods								
1. Capacity Building for Agriculture Production	180	-	737	647	703	52	52	2 371
2. Food and Nutrition Security	368	674	994	1 058	1 020	1 329	1 329	6 771
3. Livelihood Resilience and Value Addition	266	266	1 350	1 150	693	1 407	1 407	6 539
Subtotal	814	940	3 081	2 855	2 416	2 788	2 788	15 681
D. Project Management, M&E and KM								
1. Project Management Unit	772	159	805	561	521	224	223	3 264
2. M&E and Knowledge Management	266	20	162	120	291	153	254	1 266
Subtotal	1 038	179	967	681	811	377	477	4 530
E. Unallocated	0	0	62	0	0	-	-	62
Total BASELINE COSTS	2 904	2 409	6 474	5 957	5 124	7 311	7 321	37 500
Physical Contingencies	1	0	118	121	92	75	74	482
Price Contingencies								
Inflation								
Local	2	2	706	915	1 035	1 189	1 486	5 334
Foreign	-	-	47	63	61	66	79	315
Subtotal Inflation	2	2	752	978	1 096	1 255	1 564	5 649
Devaluation	-2	-2	-638	-831	-944	-1 089	-1 367	-4 872
Subtotal Price Contingencies	0	0	114	147	152	166	198	777
Total PROJECT COSTS	2 905	2 409	6 706	6 225	5 368	7 551	7 593	38 759

Financing and co-financing strategy and plan.

39. The revised total project budget is US\$ 38.7 million. The project is financed by a Rural Poor Stimulus Facility (RPSF) grant of US\$ 3 million, US\$ 2.3 million from the Swiss Development Organization's (SDC) contribution to the Facility for Refugees, Migrants and Forced Displacement (FARMS), a GEF grant of US\$ 10 million, an ASAP+ grant of US\$ 7 million and a GAFSP grant of US\$ 15 million. The beneficiary contribution is expected to be equivalent to US\$1.4 million based on labour and in-kind participation.

Disbursement

40. Disbursement to FAO, SFD and WFP shall be made on the basis of advance of funds method in accordance with the provisions of the Grant Agreements signed with each of the Implementing Agencies. Each Implementing Partners shall prepare an AWPB in alignment with its roles and responsibilities and an activity plan as described in the Project Design Report and the respective grant agreement. Grant proceeds will be transferred into the Implementing Partners' respective bank accounts based on withdrawal applications submitted to IFAD. The first advance will cover a percentage of the projected expenditures for the first AWPB that has received IFAD no-objection. Subsequently, for each new advance, each LIA will need to justify 75 percent of the immediately preceding advance and 100% of all prior advances (if any), reflecting the project's achievement.

Summary of benefits and economic analysis

41. RLDP is projected to be technically and economically viable investment to the economy. The project economic NPV of the net benefit stream over the 20-year timeframe, discounted at 10%, is YER 5,887 million (USD 24 million). This value yields an EIRR of 24% and BCR of 1.26 for the base case scenario and it results in a payback period of eight years. The project is more sensitive to decline in benefits (switching value at -21%) rather than increase in costs (switching value at +26%). The target group is expected to experience increase in income as a direct result of the: (i) increased water availability for productive use; (ii) diversification of productive activities and sources of income thanks to greater access to technical assistance and inputs; (iii) increased food availability for rural poor, (iv) increased value-added of agricultural outputs; (v) enhanced productivity through improved infrastructure; (vi) improved quality of processed products, thus attracting higher prices at local market; (vii) and increased employment opportunity either for hired or family labour, for both on-farm and off-farm activities. With the additional financing, RLDP will increase the number of beneficiaries from 26,031 households as per original design, to 49,292 households.

Exit strategy and sustainability

42. RLDP's design incorporates various elements that contribute to the sustainability of the project's impact. It engages communities in all stages of project implementation and involves them in identifying their needs and providing them with the skills to maintain assets funded by the project. This process is supported and managed by the SFD and it contributes to building the capacity of community structures that will outlive the project's implementation period. The project also invests in empowering communities, especially rural women, and youth, through nutrition and literacy sessions, fostering sustainable livelihood improvements.
43. Climate resilient schemes are introduced to enhance agricultural production and protection from agro-climate-induced shocks. Training communities to operate and maintain these schemes ensures their long-term viability. Investing in research and knowledge dissemination further enhances the expertise of national experts and local farmers. The project relies considerably on national institutions and local partners to deliver its activities which contributes to building their capacity to independently manage similar interventions. Finally, IFAD's scaled up program could potentially allow it to expand its future program in Yemen and further contribute to its transition onto a more sustainable recovery path.

III. Risk management

A. Risks and mitigation measures

44. Proper sequencing of interventions across the project's three components is critical for ensuring that the project's investments are well aligned and can be timely delivered in line with the needs of the communities. The timely mobilization of communities and the selection of participants in the project's training programs under Component 1 should pave the way for the project's interventions under the other two main components. Consequently, inadequate coordination

between the Implementing Partners may compromise the responsiveness of investments to community needs. This risk is being managed by setting up a Project Coordinating Committee (PCC) that will meet regularly and through which the implementing partners will coordinate their activities, evaluate progress, address bottlenecks, and ensure that their annual workplans are well aligned. Through its monthly meeting with the Implementing Partners, IFAD will actively monitor implementation progress and ensure coherence between the project's various components. This ongoing monitoring and coordination will help ensure the project's success and its positive impact on the targeted communities.

45. Working in a fragile situation poses some considerable risks to IFAD's investments. At the operational level, the project could face several implementation challenges resulting from a generally high level of insecurity and difficulties of access to project areas, particularly since the target districts are in remote areas and are governed by different authorities. This risk is managed through the selection of Implementing Partners (FAO, SFD, WFP) all of which have an extensive network of field offices and who will deliver activities through local contractors. SFD's autonomy is respected by the different political factions allowing it to work across the entire country.
46. Given the complexity of the political environment and the political sensitivities between different stakeholders, there is a risk that project investments may be diverted to benefit populations based on their political affiliations or that political factions may interfere in the delivery of the project's investments, which could potentially exacerbate conflict between different communities or even within communities. This risk is managed by using local organizations to identify target communities and utilizing objective and transparent targeting at all levels of project implementation. SFD has developed a robust grievance and redress mechanism that will be employed to address issues that arise due to perceived lack of equity in resource allocation.
47. Given the overall security situation in the country and import restrictions which have a direct impact on supply chains in the country, there is a risk of delay in the procurement of essential equipment and goods for the project. This risk is mitigated through advance planning and budgeting and timely reporting of procurement activities.
48. Fiduciary risks facing RLDP are mainly driven by the potential risk related to weak fiduciary oversight and grievances mechanism at the local level due to the political conflict and security issues which could create difficulties in monitoring the project in the field. These risks are mitigated given that the implementing partners have the required systems which have also been vetted by major donors including the World Bank and the EU; dedicated finance staff are assigned/recruited for RLDP additional financing; financial management and accountancy capacity of the staff is assessed and strengthened as needed; internal control measures are communicated and included in the PIM by each LIA; timely submission of interim financial reports by each LIA as per the relevant grant provision in the grant agreement; and the project accounts will also be subject to an external audit on annual basis as per the audit TOR that should be cleared by IFAD. SFD accounts will also be subject to an external audit on annual basis as per the audit TOR that should be cleared by IFAD.
49. Appendix 2 provides an update of the full integrated project risk matrix; a summary is below.

Risk category	Inherent risk	Residual risk
Country context	High	Medium
Sector strategies and policies	High	High
Environment and climate context	Substantial	Medium
Project Scope	Moderate	Low
Institutional capacity for implementation & sustainability	High	Low
Financial Management	High	High
Project Procurement	Moderate	Medium
Stakeholders	High	High

B. Environment and social category

44. Based on IFAD's SECAP guidelines and the responses to the "Guiding questions for environment and social screening" the project is classified as a **Category B project**, with a moderate risk.
45. The project's investments are designed to contribute to improved resilience of agricultural production to climate changes. It will introduce climate resilient infrastructure for rainwater harvesting, small flood protection works and other schemes that safeguard the environment.

The project will not invest in any water harvesting structures or small dams with reservoirs exceeding 3 million m³; large-scale irrigation schemes of more than 100 ha; or rural roads above 10 km long or cause damage to any farmer with more than 10 per cent of his/her private land being affected.

46. The project is designed to be conflict sensitive by following an open and transparent process of participatory identification of community needs and selection of beneficiaries using clear criteria. The project will further enhance awareness about good nutrition practices, support to establish kitchen gardens, livelihood support packages and support for post-harvest activities.

C. Climate risk classification

47. Based on IFAD's SECAP guidelines and the responses to the 'Guiding questions for climate risk screening', the project has been classified as a **Category C project** with a high climate risk. Yemen is vulnerable to climate change impacts due to the predicted rise in temperature, increase in rainfall variability and increase in the frequency of extreme weather events. The country will likely suffer from increased water scarcity, sea level rise and increases in the frequency of drought, floods and cyclones. RLDP interventions are specifically intended to mitigate the vulnerability of target populations and resources to climate induced hazards such as floods, landslides and droughts. In the selection of the project area, those village units which were particularly vulnerable to climate risks such as floods, landslides, soil erosion were selected.

IV. Implementation

A. Compliance with IFAD policies

48. IFAD's *Updated approach for engagement in fragile situations* underlines the need for IFAD projects to be able to adapt swiftly to changes in context. Given the current military impasse in Yemen, the fragility of the governance and institutional set-up in the country, and the uncertainty in political arrangements and in safety and security conditions, adaptability and agility is particularly relevant for RLDP. In alignment with the Updated Approach, a multi-phased programmatic approach would be the preferred choice for RLDP, allowing for adjustments at key milestones to account for lessons learnt and evolving conditions on the ground. Such flexibility will be designed to allow for adjustments in the selection of implementing partners and in activity phasing.
49. Agreements will be entered with each implementing partner with a portion of the funds covering a 3-year period (for a total of \$ 21 million), in line with the approved design and allocation of resources across categories. A second phase will be launched with separate financial instruments after a mid-term assessment of local implementation conditions and RLDP results.
50. In addition to allowing the project to scale up interventions that demonstrate the strongest impact, this two-phased approach will further enable the project to align its interventions with those planned or being implemented by other agencies, including the World Bank, UNDP and others, utilizing the geo-bundling approach.
51. The project will add a crisis contingency provision, in line with the Updated Approach for IFAD Engagement in Fragile Situations. A Contingency Crisis Response Operations Manual, acceptable to IFAD, will be prepared for the implementation of this activity (funded as technical assistance under project management component). Its approval would constitute a disbursement condition for this disbursement category.

B. Organizational framework Management and coordination

52. The project will maintain its original coordination arrangements. To address past coordination challenges, the project will also set up a project coordination committee (PCC) consisting of the various implementing agencies. The PCC will meet quarterly (more frequently when needed, such as in year 1 and at mid-term review/restructuring), to coordinate activities, evaluate progress, address bottlenecks, and ensure that the individual partners' annual plans are aligned. Each of the implementing entities will also assign a project manager to oversee the implementation of activities and to represent the implementing partner in its engagement

with IFAD and other donor agencies/implementing partners. RLDP will strengthen existing capacity of implementing partners by financing full time positions in financial management, procurement and monitoring and evaluation.

53. In proposing this additional financing, IFAD and its partners have reflected on the experience and efficacy of the project's implementation arrangements to date. Changes are proposed in this regard, as are introductions of additional arrangements for delivering additional activities funded by GAFSP, to expand RLDP's engagement on livelihoods support and supporting private sector supply chains. In reviewing its partnership arrangements, the Project also considers the need to empower national institutions to ensure longer-term sustainability of its expected outcomes. This includes the need to revitalize small businesses and support their re-entry into a collapsed market. Based on a careful consideration of the current engagement of implementing partners in Yemen and their capacity to support livelihoods at the household level, WFP is selected as the implementing partner for these activities. Therefore, and in addition to SFD and FAO, WFP will be contracted as a third implementing partner for the delivery of Sub-Component 3.3.

Financial management, procurement and governance

54. Each Lead Implementing Agency (SFD, FAO and WFP) should ensure that there are robust financial management arrangements in place that provide assurances that project funds are being spent for the intended purposes. This includes, but not limited to; qualified staffing; regular budget monitoring; an accounting software that meets the project needs; pre-identified practical internal control measures especially for funds spent at a decentralized level; reliable financial reporting; complete set of supporting documents for project expenditures as per IFAD requirements; and timely submission of the interim financial reports and the annual audit reports as stipulated in the provisions on the grant agreements.
55. Each Lead Implementing Agency will prepare and submit interim financial reports that include a Statement of Expenditures (SOE) which reports the grant's actual expenditures for the period and a supporting transaction list signed by the authorized signatory. The financial reports must include the expenditures broken down by finance source (including beneficiary's contributions), components & categories of expenditures and a comparison against the approved AWP/B, they should be in the format agreed with IFAD. These reports must be submitted within the timeframe included in the relevant provision of the signed grant agreement.
56. In relation to annual audit reports, submission by each LIA should be as included in the signed grant agreement. For any non-UN agency, on annual basis, a specific audit opinion on the annual SOE, a report of the factual findings and the LIA institutional audit should be submitted within 6 months of the financial year end (unless otherwise agreed with IFAD).
57. All project expenditures' supporting documents must be available during the project implementation period and should be submitted to IFAD (as requested) especially during any supervision or evaluation mission carried out by IFAD. In addition to that, these documents must be retained for at least 10 years from the grant closing date.
58. The procurement of goods, works and services to be financed through IFAD financing shall follow the applicable procurement policies, procedures and practices of the implementing partners. Such procurement policies, procedures, and practices have been assessed and found to be acceptable to IFAD. Implementation by the implementing partners will be carried out in accordance with the grant agreement and the Revised IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.

C. Monitoring and evaluation, learning, knowledge management and strategic communication

59. **Monitoring and evaluation:** There is no change against the original design. Implementing partners will be responsible for implementing the M&E system and will periodically monitor the component/subcomponent performance indicators and the progress of resilience and risk indicators. This monitoring will be supported by using GIS mapping of interventions by the project implementing partners. The project's M&E system will produce six-monthly and annual progress reports. In addition, the implementing partners will commission baseline, midterm, and impact assessments to monitor the achievement of the project's core outcome indicators.

60. **Knowledge management and communication.** The project will invest in building research capacity testing of appropriate technologies and management practices aimed at improving climate change resilience and risk mitigation in the various governorates depending on their agroecological conditions. Working with researchers from the Agricultural Research and Extension Agency (AREA), the project will produce and disseminate leaflets summarizing the outcome of the project's research. RLDP's Implementing Partners will develop knowledge products which will be disseminated through periodic learning events. They will organize a workshop to disseminate lessons learnt from their first two years of implementation of the RLDP. Other knowledge management products to be supported by the project will include reports, newsletters, and audio-visual products based on the findings and lessons derived from the operations and particularly from the insights provided by the M&E system. A grievance redress mechanism will be established and beneficiaries will be able to communicate their concerns either to the focal point at local level or to the Implementing Partners at central level according to the standard operating procedures of the Implementing Partners grievance redress mechanisms.
61. **Proposed amendments to the financing agreement.** The additional financing will require signature of new agreements with the three recipients.

V. Legal instruments and authority

62. Three new grant agreements will be signed between IFD and FAO, SFD and WFP respectively and will constitute the legal instruments for extending the proposed financing to the implementing partners.

Updated logical framework incorporating the additional financing

Results Hierarchy	Reference*								Means of Verification			
		Name	Unit	Base-line	Mid-Term	End Target	Achievement 2022	Achievement 2022%	Source	Frequency	Responsibility	
Outreach	C.I	GAFSP: Number of people receiving direct benefits (person) [1]							Programme officers	Annual	FAO M&E Unit SFD M&E Unit	
	C.I	GAFSP: Persons receiving services promoted or supported by the project[1]							Programme officers	Annual	FAO M&E Unit SFD M&E Unit	
		Total number of persons receiving services	No.	0		63616	0	0%	Programme officers		idem	
		Males	No.	0		31174	0	0%				
		Females	No.	0		32442	0	0%			idem	
		Young	No.	0		11450	0	0%				
	1.a	Corresponding number of households reached										
		Households	No.	0		49292	0	0%				
		Women headed households [2]	No.	0		6013	0	0%		idem		
	1.b	Estimated corresponding total number of HH members^[3]										
	Household members	No.	0		330256	0	0%					

<p>Goal: Livelihoods and incomes of poor rural women and men are improved and are resilient to economic and environmental shocks.</p>	<p>Revised indicator</p>	<p>Number of households experiencing an increase in asset ownership [4]</p>						<p>Baseline and completion surveys, based on asset-based metric of economic mobility</p>	<p>Baseline, Mid-Term^[5] and completion</p>	<p>FAO M&E unit</p>
		Households	No.							<p>SFD M&E unit</p>
	<p>Regular indicator coincides with GAFSP indicator.</p>	<p>GAFSP Percentage improvement in the average score of the resilience index among target households[6]</p>								
		Resilience index	%	0%		15%		RIMA or ART		<p>Baseline, Mid-term, and Impact assessment</p>
<p><i>Development Objective:</i></p>	<p>Revised indicator.</p>	<p>Households reporting an increase in production</p>								
<p>Food and nutrition security of 40,000 smallholder farmers is sustainably increased</p>		Households	%	0%		60%				<p>Baseline, Mid-term, and Impact assessment</p>
		Households	No.	0		29575				
	<p>SF. 2.1</p>	<p>Percentage of households satisfied with project-supported services</p>								
		Households (%)	%	0%		75%				
		Households	No.	0		36969				
		Women Households	%	0%		75%				
		Women Households	No.	0		4436				
		Household members	No.			29721				

	Regular indicator coincides with GAFSP indicator.	Percent reduction in the prevalence of moderate/mild or severe food insecurity at IPC Phase >=3 among beneficiary households (FIES)[7]								
		Reduction in the prevalence of moderate or severe food insecurity	%	0%		20%				
<i>Outcome 1</i>	IFAD core indicator removed.	GAFSP: Number of producer-based organizations supported (organization)						Baseline, Mid-term and completion surveys		SFD M&E unit
Community members (especially women and youth) are participating in setting priorities and are able to better manage natural resources and determine project interventions		Number of producer-based organizations supported (organization)	%	0		96			Baseline, Mid-term, and Impact assessment	
30		Total number of Number of producer-based organization members				2880				
		Female organisations members				864				
		Male organisations members				2016				
		Young organizations members				576				

	SF.2.2	Percentage of households reporting they can influence decision-making of local authorities and project-supported service providers								
		Households	No.	0		2160				
		Households (%)	%	0		75%				
		Household members	No.			14472				
<i>Output 1</i>	IFAD core indicator removed.	Rural organizations trained.								
Capacity building and training activities are delivered		Rural organisations trained	No.			96	0	0%		
		Total size of rural organisations	No.			2880	0	0%		
		Females	No.			864	0	0%		
		Males	No.			2016	0	0%		
		Young	No.			576	0	0%		
<i>Outcome 2</i>	New ASAP + 3	Households reporting a significant reduction in the time spent for collecting water or fuel [10]								SFD M&E unit, Baseline,
Smallholder farmers, including women and youth, have higher and more sustainable production and are better able to meet their water needs.		Households	%			60%				
		Households	No.			2766				
		Household members	No.			18532				
									Mid-term, and Impact assessment contractors.	

		Female household members	No.			9451				
		Young household members	No.			3336				
	1.2.3	Households reporting reduced water shortage vis-a-vis production needs[12]								
		Households	%			60%				
		Households	No.			22181				
		Household members	No.			148615				
		Women headed households	No.			2662				
	ASAP + 2	Households reporting adoption of environmentally sustainable and climate resilient technologies and practices[13]								
		Households	%			60%				
		Households	No.			22181				
		Household members	No.			148615				
		Males	No.			72822				
		Females	No.			75793				
		Youth	No.			26750				
	New	GAFSP: Number of farmers receiving inputs or service on climate resilient or sustainable agriculture practices (farmer)								
		Total number of male farmers receiving inputs and services	No.			8169				
		# of male farmers receiving inputs and services	No.			4901				
		# of females farmers receiving inputs and services	No.			3268				
		Total number of farmers adopting technologies or practices received	%			5600				
		# of male farmers adopting technologies or practices received	%			3900				
		# of females farmers adopting technologies or practices received	%			2600				

<i>Output 2.1</i>	ASAP+ 1	Poor smallholder household members supported in coping with the effects of climate change [14]						FAO M&E system SFD M&E system	Quarterly	FAO M&E Unit SFD M&E Unit			
Smallholder farmers supported to sustainably increase their production		Households	No.			17999							
		Household members	No.			120591							
		Female members	No.			31332							
		Male members	No.			89259							
		Young members	No.			13646							
		Households with access to improved climate resilient infrastructure^[15]						SFD M&E system	Quarterly	SFD M&E Unit,			
		Households	No.			9494							
		Household members	No.	0		63609.8	0				0%		
		Female members	No.	0		32440.998	0				0%		
		Male members	No.	0		31168.802	0				0%		
		Young members	No.	0		11449.764	0			0%			
	New indicator – ASAP+ 8	Households with increased water availability and/or efficiency for production purposes											
		Households	No.			9494							
		Household members	No.	0		63610							
		Female members	No.	0		32441							
		Male members	No.	0		31169							
		Young members	No.	0		11450							
<i>Output 2.2</i>	1.1.2	Farmland under water related infrastructure constructed/rehabilitated[16]						SFD M&E System	Quarterly	SFD M&E Unit			
Rehabilitation or improvement of small-scale community level water infrastructures		Ha of land	Ha	0		1579	0			0%			

for irrigation schemes and flood-based agriculture schemes												
	ASAP + 10	KM of new or existing rural roads that have been made climate resilient										
		Km of roads	Km	0		18	0	0%				
Output 2.3	New indicator – ASAP+ 5	Groups supported to sustainably manage natural resources and climate-related risks										
		# of groups supported	No.			93						
		No of NRM groups members	No.			2790						
		Male members	No.			837						
		Female members	No.			1953						
		Youth members	No.			558						
	ASAP+7	Land brought under climate-resilient management[18]										
		Ha of land	Ha	0		1579	0	0%				
<i>Outcome 3</i>	1.2.2	Households reporting adoption of new/improved inputs, technologies, or practices[19]							FFS Surveys,	Annual FFS methodology,	FAO M&E unit,	
Smallholder farmers, including women and youth, have higher and more sustainable production and sales (productivity of labour) and are able to participate in gainful employment and/or value addition		Households	%	0		80%			Adoption surveys	Baseline, mid-term[20] and Completion	SFD M&E unit,	

across key commodity chains												
		Households	No.	0		6535.2			Baseline, mid-term and Completion surveys			
		Household members	No.	0		43785.84					Baseline,	
	1.2.4	Households reporting an increase in production[21]										Mid-term, and Impact assessment
		Households	%	0		75%						
		Households	No.	0		6126.75						
		Household members	No.	0		41049.225						
	Revised indicator – 1.2.8	Women reporting minimum dietary diversity (MDDW)[22]								KAP surveys,	Baseline, mid-term[23] and Completion	FAO M&E unit,
										Baseline,		
										mid-term and Completion surveys		
		Households	%	0		60%					Baseline,	
		Households	No.	0		10005.6					Mid-term, and Impact assessment	
		Household members	No.	0		67037.52						
<i>Output 3.1</i>	1.1.4	Persons trained in production practices and/or technologies										
Capacity is built to improve crop and livestock production and in the management of climate-related risk		Total Persons trained in crop/livestock production	No.	0		8169	0	0%	FAO M&E system	Quarterly	FAO M&E unit	

		Males trained in crop/livestock production	No.	0		49014	0	0%			
		Females trained in crop/livestock production	No.	0		32676	0	0%			
		Young trained in crop/livestock production	No.	0		3268	0	0%			
	New indicator	GAFSP #10. Persons receiving capacity development support									
		Total number of trainers trained	No			240					
		# of females trainers trained									
		# of females trainers trained									
		Total number of Researchers trained	No.			30					
		# of females researchers trained									
		# of females researchers trained									
	IFAD PO1 replaced with GAFSP	GAFSP: Number of policy products completed with project support related to agriculture, natural resource management, and food/nutrition security (knowledge product).									
		Knowledge products completed	No.	0		4	0	0%			
<i>Output 3.2</i>	1.1.8	Households provided with targeted support to improve their nutrition[24]							FAO M&E system	Quarterly	

The provision of targeted support to the rural households to improve their nutrition and literacy		Households	No.	0		16676	0	0%			FAO M&E unit
		IDP Households	No.	0							
		Household members benefited	No.	0		111729	0	0%			
		GAFSP: People receiving improved nutrition services and products (person)									
		Total number of persons receiving nutrition services	No.			111729					
		Number of females receiving nutrition services	No.			55800					
		Number of youth receiving nutrition services	No.			27900					
		Number of people trained to improve their literacy									
		Total rural producers	No.			11640					
		Males	No.			3492					
		Females[26]	No.			8148					
		Young[27]	No.			9312					
		Number of Trainers Trained on Literacy Training									
		# of Trainers	No.			240					
		GAFSP: Number of smallholders producers/processors receiving productivity enhancement support (farmer)									
<i>Output 3.3</i>		Total rural producers/processors	No.	0		6446	0	0%	SFD M&E system	Quarterly	FAO M&E unit, SFD M&E unit,
Providing livelihood and support packages to		Males	No.	0		3546		0%			

smallholders to add value to their current production in order to make their livelihoods more resilient										
		Females[26]	No.	0		2900		0%		
		Young[27]	No.	0		2578		0%		

*The RLDP LF was revised multiple times due to additional financing. This column explains where changes have been made. Notably, it indicates where IFAD included GAFSP indicators (whether they are completely new, when a GAFSP indicators coincide with an existing IFAD indicator or when a GAFSP indicator was already present in the LF) or whether existing indicators have been revised, added or removed. When the column is blank, nothing changed.

[1] Number of individuals who have directly received or used services promoted or supported by the project. Both SFD and FAO need to report on outreach indicators. *Caution:* At outreach level double counting needs to be removed, that is people having benefited from more than one project service need to be reported only once.

Note: all households benefiting from **infrastructure** interventions are counted under CI 1.a. All members in beneficiary households are reported under CI 1 and under 1.b (i.e. CI 1 = 1.b). In case of capacity building interventions, grants, etc., CI 1 = CI 1.a.

[2] Based on the assumption at design that 12.2% of total HHs are female headed

[3] Persons in the HH supported by the project. Number of HH (1.a) * Average no. of HH members

[4] IFAD impact assessment indicator

[5] No mid-term assessment is required for interventions under RPSF and Swiss Development Cooperation financing.

[6] Resilience index to be measured by the RIMA or ART methodology.

[7] To be measured with the FAO FIES methodology and triangulated with such secondary source data as “Percent of acutely food insecure population (IPC Phase ≥ 3) in the targeted governorates” and “Percent of population in the targeted governorates under “Emergency” or “Crisis” Livelihoods Coping Strategy Index (LCSI) categories”.

[8] No mid-term assessment is required for interventions under RPSF and Swiss Development Cooperation financing.

[9] Corresponds to ASAP+5 indicator “ Groups supported to sustainably manage natural resources and climate-related risks”

[10] Corresponds to ASAP+3 indicator “Households reporting a significant reduction in the time spent for collecting water or fuel”

[11] No mid-term assessment is required for interventions under RPSF and Swiss Development Cooperation financing.

[12] Corresponds to ASAP+8 indicator “Households with increased water availability and/or efficiency for production purposes”

- [13] Corresponds to ASAP+2 indicator “Households reporting adoption of environmentally sustainable and climate-resilient technologies and practices”. Outcome indicator for ASAP+7 Output Land brought under climate-resilient management
- [14] All project beneficiaries receiving support in coping with the effects of climate change will be reported under this indicator and not only those benefiting under Output 2.1 interventions.
- [15] Households that benefit from drinking/irrigation water supply and soil conservation activities will be reported under his indicator.
- [16] Ha of land under irrigation schemes
- [17] Corresponds to ASAP+10 indicator “KM of new or existing rural rads that have been made climate resilient”
- [18] Ha of land under soil and water conservation practices
- [19] The outcome for the target under Outputs CI 1.1.3 and CI 1.1.4 will be reported under 1.2.2. This also includes RPSF indicator on “Percentage of households successfully adapting the production inputs and technological packages, which will also be reported under the corresponding CI 1.2.2 “Households reporting adoption of new/improved inputs, technologies or practices”.
- [20] No mid-term assessment is required for interventions under RPSF and Swiss Development Cooperation financing.
- [21] Measures the Outcome for Outputs 1.1.3 Rural producers accessing production inputs and/or technological packages and 1.1.4 Persons trained in production practices and/or technologies.
- [22] Measures the Outcome for the Output 1.1.8 Households provided with targeted support to improve their nutrition
- [23] No mid-term assessment is required for interventions under RPSF and Swiss Development Cooperation financing.
- [24] The main target of this intervention will be mothers and female head of the households including IDPs. The criteria for selection of households will include the following; i) Households that are food insecure and nutritionally vulnerable and have at least one child under the age of five years; ii) Households with children under five years who are in nutrition therapeutic programs/ being released from feeding centres;iii) Households with a malnourished mother; iv) Women-headed households; and v) vulnerable households with pregnant and lactating women.
- [25] Livelihood packages and matching grants. 1.1.3. “Rural producers accessing production inputs and/or technological packages” measures corresponding activities under FAO+GEF+SFD+RPSF+GAFSP. The RPSF targets for output level indicator "Number of rural producer households receiving production inputs and/or technological packages to mitigate the effects of COVID-19 crisis" will be reported under CI 1.1.3
- [26] Including women-headed households
- [27] Including Youth headed households

Integrated Project Risk Matrix.

#	Risk category/sub-category/description	Inherent risk	Residual risk	Mitigation measures
1	Country context			
	<ul style="list-style-type: none"> • Conflict: The Saudi Government and the insurgent party (Al-Ansar) have resumed diplomatic relations and agreed to move towards a peace agreement. The UN is therefore adding/preparing for scenarios of a transition to peace. However it seems unlikely that either of the insurgent militia or the internationally-recognised government and its many allies will compromise their current advantages and interests. Therefore there is a high likelihood of continued stalemate and continuation of status quo, though other scenarios (renewed fighting, transition to peace) are possible depending on internal pressures and competition. • Governance/political instability: As with all development projects in Yemen, there is a political risk of attempts of interference in operational decisions by the authorities in various parts of the country. • Price volatility GDP has dropped significantly since the coup in 2014; leading to quite low purchasing power and a humanitarian crisis. Much food is imported as food aid, and prices of goods and services are impacted by fuel and currency prices, with highest adversity felt by the most disadvantaged and vulnerable segments of the population. 	High	Medium	<ul style="list-style-type: none"> • Conflict: The selection of SFD as executing agency insulates the programme from political conditions because SFD is the most substantial and autonomous national agency. SFD's track record shows that it has been successful in implementing development operations without political interference; and had demonstrated its capacity to navigate and where needed negotiate with local authorities and communities regarding its delivery methods, ensuring the necessary conditions for effective implementation, including in relation to securing clearances for movement and access; and suspending activities where open hostilities posed threats to its staff or its interlocutors and target groups. FAO will be able to assert influence where needed through the Yemen UN country team. • Governance/political instability: SFD is the only agency in Yemen with a track record in operating with different authorities in the country without political interference. The GA with SFD will specify that any unlawful political interference in SFD can trigger suspension of the project. As a UN agency, FAO will be neutral. • Price volatility: RLDP programme diminishes exposure to price and currency volatility. Investments intend to improve community access and productivity, thus cushioning impact of price increases on the targeted communities and households

2 Environment/Climate				
	Yemen is a largely arid sub-tropical country with rainfall characterized by seasonally intense and short-lived heavy storms that often lead to flash floods with implications for soil erosion and degradation of agricultural terraces. Heavy rainfall is frequently followed by long dry periods. This volatility could disrupt the implementation of activities under the project.	High	Medium	SFD and FAO will train beneficiaries to ensure that holistic solutions are promoted and supported. Investments in water infrastructure will be made using no-regret methods informed by integrated watershed management planning. The contingency mechanisms for natural disasters (as per <i>Updated Approach for IFAD engagement in fragile situations</i>) as well as ASAP+/GEF financed climate activities shall further strengthen the capacities of beneficiaries.
3 Institutional Capacity				
	Risk pertains to eroded institutional capacities and human capital in the country as a result of the prolonged conflict. Consequently, government intuitions as well as third party implementers might not have sufficient capacities to implement the project accordingly.	High	Low	SFD was selected based on its experience in rural development and strong technical capacities. Experiences in earlier projects show that SFD is capable to manoeuvre in (conservative) rural areas in Yemen, At the field level, SFD has a strong presence with its branches in project target areas to implement the project and has its registered technical consultants to provide technical support as and when required. FAO is considered leader in rolling out amongst other the farmer field school approach as well as other activities related to rural community mobilization.
4 Financial Management				
	There is a potential risk related to weak fiduciary oversight and grievances mechanism at the local level. Due to the political conflict and the security issues, and the difficulty of the monitoring and the supervision of the project in the field. In addition, there is a risk of institutional capacity weaknesses considering the increasing number of donor funded projects implemented by SFD. This could affect timeliness of financial reporting, timeliness & quality if audit, completeness of supporting documents and ensuring proper internal control measures as per donors (IFAD in specific) requirements. For activities implemented with FAO, corporate procedures shall be followed.	High	High	The residual financial management risk is rated High considering that mitigation actions are not implemented yet. Mitigation measures include: training and support on IFAD FM guidelines to SFD staff; finalization of Project Implementation Manual before implementation starts; ensuring accountability of funds through robust internal control measure; and an external audit agency with clear oversight responsibility in the scope of its assignment; timely submission of the interim financial reporting on quarterly basis; and ensuring that service providers and the implementing partners' contracts include reasonable payment schedule, bank guarantees across advances & clauses for non performance to reduce operational risks.
5 Project Procurement				
	SFD is an experienced and well equipped national organisation receiving funds from World Bank (supervised by UNDP), UK's FDCO, IFAD and many other recipients. Its procurement management is	Medium	Medium	Given the significant levels of rural poverty and needs in Yemen, IFAD's operational stance is to extend significant oversight, implementation support and training to project implementation, including in procurement.

<p>adequate. Procurement under this grant is largely for community contracting, which will follow the agreed procedures with SFD under the RLDP project and for which a detailed assessment was done. For the activities not related to community contracting, SFD should follow IFAD procurement framework. Procurement under FAO activities shall follow FAO corporate procurement guidelines.</p>			<p>Procurement rules for community participation to be followed are the ones agreed and formalized in the SFD manual for the RLDP project.</p> <p>All other procurement to follow IFAD rules.</p> <p>Geo-tagging of investments and photo evidence will replace IFAD spot checks and physical site verification given the security and logistics challenges.</p>
6 Project Scope			
<p>Project relevance: Due to the fragile and unstable situation, there may be external factors that may impede the proper implementation of technical components due to lack of understanding of the changing priorities.</p> <p>Technical soundness: As the design was organised remotely, no field visits were conducted and there was minimum consultation of the target populations. The identification of sound technical solutions to the problems faced by the populations may have been weak.</p>	Medium	Low	<p>Project relevance: Project is designed to be flexible during implementation, with community consultation and priorities an important pillar for success. In addition, and in line with IFADs policy on working in fragile situation, the project includes a subcomponent with a zero allocation to serve as a contingency and will implement in a phased approach allowing to adjust during implementation.</p> <p>Technical soundness: The design focused on the core competencies and lessons learned from its previous portfolio and included local consultants. In addition, the project is designed to be flexible during implementation, with community consultation and priorities an important pillar for success</p>
7 Stakeholders			
<p>Stakeholder engagement: There are three political governments in the country who have control over specific geographic areas. Instability in local communities and tribal conflicts are common. Other development partners may be working in the same target areas.</p> <p>Stakeholder grievances: Risks pertain to the increase in grievances in communities due to the security situation.</p>	High	High	<p>Stakeholder engagement: RLDP will be implemented by FAO and SFD who have a track record negotiating with all three governments and deliver effectively on the ground. The internationally recognised government is represented in the Advisory Steering Committee of the project. As for other development partners, coordination through FAO will ensure complementarity of efforts in common target areas.</p> <p>Stakeholder grievances: As for communities, the first component is targeting community mobilization and community action plans development in a participatory approach with a focus on women and youth. In addition, SFD and FAO both have well functioning Grievance Redress Mechanisms.</p>