



The World Bank

Smallholder Agricultural Production Restoration and Enhancement Project (P162659)

REPORT NO.: RES45505

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

SMALLHOLDER AGRICULTURAL PRODUCTION RESTORATION AND ENHANCEMENT PROJECT

APPROVED ON JULY 31, 2017

TO

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

AGRICULTURE AND FOOD

MIDDLE EAST AND NORTH AFRICA

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I. BASIC DATA

Product Information

Project ID P162659	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 31-Jul-2017	Current Closing Date 28-Feb-2021

Organizations

Borrower Food and Agriculture Organization of the United Nations	Responsible Agency Food and Agriculture Organization of the United Nations (FAO)
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Project Development Objective (PDO)

Original PDO

To increase the use of productivity and nutrition-enhancing agricultural practices by smallholders in targeted project areas

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-A5431	10-Aug-2017	10-Aug-2017	10-Aug-2017	28-Feb-2021	36.00	36.00	0

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

1. The Yemen Smallholder Agricultural Production Restoration and Enhancement Project (The Project, SAPREP) was approved on July 31, 2017. The Project is financed by a US\$36 million grant from the Global Agriculture and Food Security Program (GAFSP) Trust Fund and implemented by the UN Food and Agriculture Organization (FAO). The Yemen Social Fund for Development (SFD) is the main national implementation partner. Implementation of the project is proceeding satisfactorily. Currently progress towards the Project Development Objective (PDO) is rated Satisfactory and Implementation Progress is Moderately Satisfactory. More than 106,000 rural households (97% of planned) have been reached with the project's support packages, and some activities have already been expanded beyond their original coverage targets. These include 59,640 households provided with support packages to re-engage in crop and livestock production. This is a core outcome indicator of the project. Another PDO indicator – adoption of improved agricultural technologies – has also been met. To date, the full amount of the GAFSP grant (US\$36 million) has been disbursed to FAO with actual disbursement to beneficiaries and implementing partners reaching US\$ 33.9 million as of Dec 31, 2020, equivalent to 94.4 percent of the total budget.
2. Implementation progress. 80 of the planned 107 subprojects for rehabilitation of community water infrastructure have been completed. Irrigation water supply has improved over an area of 6,913 ha (115% of planned), and some 85 percent of the targeted number of households already benefit from rehabilitation works. The number of direct beneficiaries of wage employment is 11,634 supporting a total of 6,700 households. Activities aimed at support of animal husbandry and livestock production have been almost completed and they included the provision of equipment to 143 farmer groups and the distribution of improved forage seeds and feed blocks to all targeted 14,200 farmers. In addition, 18 private sector operators are supported by the project to establish a feed block production base. With regards to veterinary support activities, 84 Community Animal Health Workers have been trained and equipped and they provide veterinary services in remote areas. The animal vaccination campaign has been completed but with scaled down coverage due to the changes in the implementation modalities and time constraints due to the expiration of vaccines. All targeted 6,700 dairy farmers and honey producers have been provided with equipment and production inputs through project support to dairy and honey value chains. Horticultural value chain support activities have started later than planned but have been progressing well. Some 1,400 horticulture producers have been provided with production inputs and training, and are already reporting sizeable increase in yields, area planted and farm profits. The establishment of nurseries, post-harvest collection centers and women processing groups is advancing. There are no outstanding safeguards issues and the project's overall environmental and social safeguards performance remains satisfactory.
3. Along with the overall positive results of the project, there have been issues with distribution of seeds and livestock packages. Corrective actions have been implemented, including improvement of beneficiary selection procedures, strengthening the supervision of the input distribution process and the performance of implementing partners.
4. Extension of the project closing date. While most project activities have been completed or expected to be completed by Feb 28, 2021, some others will require additional time beyond the current closing date to be completed fully and to ensure their sustainability. Although all the project activities were expected to be completed by the extended closing date, these plans were not fully achieved mainly due to increasing difficulties to reach project beneficiaries and delays with obtention of permits for field activities in the North. In addition to movement restrictions and fuel shortages, the situation with liquidity in the banks has made access to the project funds difficult for Implementing Partners. Given the increased challenges to project implementation, FAO has requested an extension of



the project by four months to ensure the satisfactory completion of the remaining activities. The rationale for the extension of the project closing date has been assessed by the task team.

5. The following activities would require additional time beyond the current closing date to be completed successfully:

a. Further support to the Horticulture value chain activities of the project to strengthen organization arrangements of the Horticulture Seedling Centers (HSC), Horticulture Collection Centers (HCC) and Women Agro-processing Groups to ensure their sustainability. While the HSC have already started their operations, the work on the establishment of three HCC (completion of construction works) and 10 Women's group (training and provision of equipment to the groups) are expected to be completed only at the end of February 2021, and if permits are not further delayed. An additional time period will be required to test and adjust modalities of their functioning, and provide additional training to ensure that (i) the nurseries and collection centers are fully operational and operated by well-trained managers and staff; and (ii) any production and marketing problems are resolved and that the women beneficiaries build effective links with the seedling and collection centers as the basis for sustainable post-project activity. Lessons learned from the horticulture support activities will help to design the new GAFSP operation which would expand support to value chains;

b. Rehabilitation of community water infrastructure. 80 sub-projects are completed and 16 are expected to be completed by end-February 2021. Works on the other 11 subprojects have been achieved ranging from 65% to 79% completion rates. Their full completion is expected by mid-April 2021. As of December 31, 2020, US\$14.78 million (or 93% of allocated) have been disbursed by SFD for rehabilitation works;

c. Distribution of remaining last set of seven fodder chopping machines in Hodeydah, along with the provision of training to groups in Saada, Hajjah and Hodeydah governorates provided with this equipment and monitoring the operations of the groups. These activities were planned for December 2020 but are still awaiting permits from authorities in the North;

d. Project final survey to capture the results to inform the ICR. This five months' survey has been fully designed and is ready to be launched. The survey would articulate lessons learned which will be incorporated in the preparation of the new agricultural operation.

6. If approved, this will be the second extension of the project. In July 2020, the original closing date of August 31, 2020 was extended till February 28, 2021. About US\$110,000 of GAFSP funds and also interest earnings (US\$286,000) are available for the period beyond the current closing date. These funds are planned to be used for the completion of the remaining activities as described above, final Third-Party Monitoring (TPM) report, and operational costs during the extension period. Implementation plan for the proposed extension period has been prepared by the implementing agency and agreed with the Bank task team. The FAO committed to complete all the remaining activities by the proposed new closing date and no further extension of the closing date will be granted.

7. The task team seeks approval of the Country Director for a Level 2 Restructuring of the Project to extend the Closing Date for four months from February 28, 2021 to June 30, 2021 to finalize the implementation of the remaining project activities to ensure satisfactory completion of the Project. The project objectives continue to be achievable and the performance of the Grant Recipient is satisfactory.



II. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A5431	Effective	31-Aug-2020	28-Feb-2021	30-Jun-2021	30-Oct-2021