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Republic of Yemen

Rural Livelihood Development Project

Addendum

Executive Board — 131st Session
Rome, 7-9 December 2020

For: Approval

Rural Livelihood Development Project

Addendum

The attention of the Executive Board is drawn to the following addenda and modifications to the President's report on the Rural Livelihood Development Project, (EB 2020/131(R)/R.7). For ease of reference, the changes to the text of the report are shown in boldface, while strikethrough indicates deleted text.

On the cover page, the reference to the Food and Agriculture Organization of the United Nations should be deleted:

~~"Food and Agriculture Organization of the United Nations for the"~~

Page 1, paragraph 4 should read:

"In line with the mainstreaming commitments of the Eleventh Replenishment of IFAD's Resources (IFAD11), the ~~Food and Agriculture Organization of the United Nations (FAO)~~ Rural Livelihood Development Project (RLDP) in Yemen, herewith proposed for IFAD grant funding, has been validated as:"

Page 8, paragraph 41 should read:

"RLDP will **adopt a flexible implementation approach** ~~diverge from IFAD's normal approach, in which projects are managed directly by governments.~~ In this instance, ~~FAO~~ **the implementing partner(s)** will be implementing the **project** intervention. ~~FAO is well-positioned in Yemen and~~ **The implementing partner(s)** ~~will be~~ **will be** was selected because of its/**their** technical capacity to deliver investments in the crop and livestock sector and its/**their** experience in implementing similar projects for the World Bank. ~~FAO~~ **The implementing partner(s)** will assume overall contractual responsibility for implementation and will sign a subsidiary agreement with SFD, which has been pre-selected to implement the infrastructure investments. IFAD will keep the internationally recognized Government of Yemen involved and an advisory steering committee will be established, led by the Ministry of Planning and International Coordination, and with other key ministries represented. **This arrangement will be reviewed on a yearly basis to assess if the situation has evolved, in which case the agreement(s) will be revised according to the changing conditions.**"

Page 8, paragraph 42 should read:

"Established ~~FAO~~ **implementing partner(s)** mechanisms will be used in disbursement, documentation of expenditures and reporting. Verification of the physical implementation of activities will be carried out through **independent** third-party monitoring. ~~FAO~~ **The implementing partner(s)** ~~FAO~~ will maintain a **robust** financial management system, including records and accounts, to track project-related transactions. ~~SFD~~ **The implementing partner(s)** will use its/**their** own accounting software for project monitoring **as long as,** ~~if~~ these two systems both conform to IFAD requirements."

Page 8, paragraph 43 should read:

~~SFD will prepare and submit to FAO~~ **The implementing partner(s) will prepare and submit**, on a quarterly basis, financial reports related to ~~component 2 of the~~ project. The reports must include a statement of payments by financing sources, by component and subcomponent, and a comparison against the approved AWP/B. They must be submitted to ~~FAO~~ **IFAD** no later than 20 days after the end of each quarter. ~~FAO~~ **The implementing partner(s)** will prepare, on a quarterly basis, interim unaudited financial reports (IFRs) for the whole project, in a format acceptable to IFAD. The template for the reports is to be found in the PIM. The IFRs will be submitted to IFAD no later than 45 days after the end of each quarter. They should reflect all project activities, financing, and expenditures, including a statement of payments by financing sources, by component and subcomponent, and a comparison against the approved AWP/B. The IFRs should also include an estimation of the beneficiaries' contribution in-kind and all other forms of cofinancing. ~~FAO~~ **The implementing partner(s)** will, in addition, prepare unaudited annual financial reports, which will be submitted to IFAD within four months of the end of the fiscal year, **unless otherwise agreed by the Fund**. ~~FAO is exempted from the submission of audited financial statements of the project, and will submit annually to IFAD certified statements of expenditures within 45 days of the period's end."~~

Page 8, paragraph 44 should read:

~~The procurement of goods, works and services to be financed through IFAD financing must~~ **shall follow the applicable procurement policies, procedures and practices of the implementing partner(s), as such procurement policies, procedures, and practices have been assessed and found to be acceptable to the Fund, otherwise IFAD's Procurement Guidelines shall solely apply** ~~FAO's procurement procedures and guidelines except for the component implemented by SFD, where the latter's procurement procedures will be followed under FAO supervision. Implementation by~~ **the implementing partner(s)** ~~FAO~~ 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."

Page 9, paragraph 45 should read:

~~Planning. A consolidated AWP/B will be prepared by FAO~~ **the implementing partner(s)**, ~~the lead implementing agency, incorporating the activities to be undertaken by SFD as well.~~ The process for preparing the AWP/B will be initiated by the village units and consolidated at district and governorate levels with ~~FAO hubs, SFD branch offices and implementing partners in the field, who will report on the actions agreed with the targeted communities.~~ **The AWP/B will be submitted to IFAD for no objection at least 60 days prior to the start of each new year."**

Page 9, paragraph 49 should read:

~~RLPD will benefit from the presence of FAO and SFD~~ **the implementing partner(s)** on the ground. ~~FAO has a full team of staff based in Sana'a and field presence at the governorate levels. SFD has been operating across the country for more than 20 years and has its head office in Sana'a and branch offices in all governorates.~~ The agreement will enter into force once the grant agreement between IFAD and ~~FAO~~ **the implementing partner(s)** has been signed. The start-

up activities include: (i) signing of a subsidiary agreement between **the implementing partner(s), as required**~~FAO and SFD~~; (ii) finalization of the terms of reference of the implementing partners for field support; and (iii) selection and procurement of the implementing partners so that work on the ground can begin as soon as possible.”

Page 10, paragraph 51 should read:

“A grant agreement between ~~FAO~~**the implementing partner(s)** and IFAD will constitute the legal instrument for extending the proposed grant to the borrower/recipient. ~~A copy of the grant agreement will be made available prior to the session.~~ **The implementing partner(s) will be selected following a further review of the prevailing operational conditions in the country and confirmation of the most relevant implementing agency that will enable IFAD to operate effectively and efficiently within its mandate, building up its direct experience of working in conflict-affected and fragile situations.**”

All other references to the Food and Agriculture Organization (FAO) of the United Nations and the Social Fund for Development (SFD) should be replaced with the **selected implementing partner(s)**.

Page 10, paragraph 53, the recommendation should read:

“I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund shall provide a grant ~~to the Food and Agriculture Organization of the United Nations~~ **to be used for the purpose of supporting the people of Yemen** in an amount of ten million United States dollars (US\$10,000,000) **for implementation** upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.”

Page 10, new paragraph 54 should be inserted:

“54. The Executive Board takes note that before operationalizing the project, the Fund will analyse different aspects and parameters necessary to safeguard its assets. Taking these into account, implementation will start as soon as those parameters are determined and confirmed. Management will revert to the Board in April 2021 for information on progress made.”