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### ANNEX

## **Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe**

### **Second Exceptional Assistance Measure regarding Yemen**

#### **1. IDENTIFICATION**

Action: Additional Support to the Peace Support Facility (PSF) for Yemen

Action Reference: NDICI CR 2021/47

Cost: EUR 3 000 000 (European Union (EU) contribution).

Budget Line: 14 02 03 10

Duration: Maximum 18 months.

Lead service: FPI

#### **2. ACTION SUMMARY**

The armed conflict in Yemen has entered its seventh year and the country continues to face an unprecedented humanitarian crisis. The situation threatens to spiral further in the context of the COVID-19 pandemic, increasing difficulty in accessing the country where peace negotiations have largely stalled. Furthermore, Yemen's economy has severely suffered from the years of conflict, port closures, collapse of the labour market and depreciation of the national currency. According to the United Nations High Commissioner for Refugees (UNHCR), the conflict has displaced more than four million people and led to cholera outbreaks, medicine shortages, and risk of famine. An estimated 20 million people are in need of humanitarian assistance. Ceasefires and attempts to distribute aid have consistently been curtailed by continued violence on the ground. Civilian casualties caused by acts of violence are themselves drivers of a cycle of violence hampering the possibility of reconciliation and sustainable peace.

The Peace Support Facility was set up following the December 2018 Stockholm agreement in order to support the UN-led peace process. This 18-month measure will build on the previous EU contribution to the UN Peace Support Facility for Yemen<sup>1</sup> under the Instrument contributing to Stability and Peace. The Peace Support Facility will continue to operate as flexibly as possible under the guidance of the UN Special Envoy. It will support his efforts to reach a sustainable peace agreement in Yemen coupled with small scale actions which are intended to deliver improvements in the daily lives of the targeted beneficiaries and by

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<sup>1</sup> Commission Implementing Decision C(2019) 3882 of 24.5.2019.

increasing stability at the local level, thereby allowing a recovery and development agenda to progress. It will expand to cover other visible interventions to build trust in the peace process and there will be a focus on mitigating the impact of the conflict on civilians.

### **3. BACKGROUND AND RATIONALE**

#### **3.1 BACKGROUND**

In the seventh year of war, Yemen suffers from one of the world's worst humanitarian crises. Tens of thousands of civilians have been killed or injured and public infrastructure throughout the country has been severely damaged or destroyed.

The conflict has been rendered more complex with the fragmentation of armed groups and their continued support by external actors, requiring innovative approaches to conflict mediation and peace negotiations. An inclusive and sustainable peace remains the only viable course of action to restore stability in Yemen and to end the suffering of the Yemeni population. The EU is committed to continue its efforts in support of the peace process in Yemen, focusing on empowering stakeholders on all levels to engage in a comprehensive and inclusive dialogue.

During peace consultations convened by the Secretary-General's Special Envoy in Sweden in December 2018, the parties to the conflict agreed to redeploy forces in Hodeidah, exchange prisoners and move forward with initiatives in Taiz. After endorsing the Stockholm Agreement, the UN Security Council established a new special political mission, the United Nations Mission to Support the Hodeida Agreement (UNMHA), to monitor the parties' compliance with agreements reached in Stockholm.

The purpose of the Peace Support Facility (the Facility) is to support the peace process by accelerating the implementation of agreements reached by the parties to the conflict. The Facility was established to support the implementation of the 2018 Stockholm Agreement with an initial end date of December 31, 2020, and a budget of USD 20 million. Besides the EU support, the Facility is funded by the Netherlands, Germany, Sweden, the United Kingdom, Norway, France, Canada, Denmark, Italy and the United Nations Development Programme (UNDP), in collaboration with the office of the Special Envoy for Yemen and the Resident Coordinator for Yemen's office. The Facility has now been extended to December 2022 with an increased budget of USD 30 million. The Stockholm Agreement provides the framework for demonstrating concrete alternatives to conflict, creating local demand for peace and incentivizing parties to deepen their engagement in the Special Envoy's peace process. The Facility's work is designed to support these objectives and assist in creating a better chance for success for the peace process by making it more inclusive and aligned with the realities on the ground.

#### **3.2 RATIONALE FOR CRISIS RESPONSE ACTIONS UNDER THE RAPID RESPONSE PILLAR OF THE NEIGHBOURHOOD, DEVELOPMENT AND INTERNATIONAL COOPERATION INSTRUMENT**

The current conflict situation in Yemen constitutes a situation of crisis, constituting an exceptional and unforeseen situation in the sense of Article 4(4) of the NDICI Regulation. An adequate response cannot be provided under any other European Union Instrument due to the

urgency with which the funds are required and due to available resources already being firmly committed.

Annex IV, paragraph 1, second paragraph, points (a), (g), (n) and (q) of Regulation (EU) 2021/947 specifically provide for the use of the NDICI rapid response pillar to: (a) support, through the provision of technical and logistical assistance, for the efforts undertaken by international, regional and local organisations and by State and civil society actors in promoting confidence-building, mediation, dialogue and reconciliation, transitional justice, women’s and youth empowerment, in particular with regard to community tensions and protracted conflicts; (g) support for measures necessary to start the rehabilitation and reconstruction of key infrastructure, housing, public buildings and economic assets, and essential productive capacity, as well as other measures for the re-starting of economic activity, the generation of employment and the establishment of the minimum conditions necessary for sustainable social development; (n) support for measures to promote and defend respect for human rights and fundamental freedoms, democracy and the rule of law, and the related international instruments, and (q) support for measures to promote the development and organisation of civil society and its participation in the political process, including measures to enhance the role of women in such processes and measures to promote independent, pluralist and professional media.

**3.3 RISKS AND ASSUMPTIONS**

<b>Risk</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Mitigation measure</b>
<b>Political and reputational risks</b>	Medium	High	The Facility management will need to place considerable efforts on mitigating risks that could undermine the political process. The activities of the Facility will be closely coordinated between the UN Special Envoy, the Resident Coordinator, the UNDP Resident Representative and the donors. Their regular engagement will be key to ensure that the Facility is welcomed by the parties and supported by key stakeholders including local authorities, civil society leaders and in the case of specific areas, key entities, including, for example, UNMHA in Hodeida.
<b>Operational, financial and programmatic risks</b>	Medium	Medium	Operational risks include the transport of equipment and asset management and maintenance as well as the protection of premises and work sites.  Financial risks include hyper-inflation, depreciation, fraud, and cash advance management.

			<p>Programmatic risks include access constraints and interference by authorities in the selection of sites and priorities.</p> <p>The Facility will rely on the engagement of the Resident Coordinator, the UN Special Envoy and UNDP Resident Representative with authorities to mitigate these risks.</p>
<b>Security risks</b>	High	High	<p>The situation on the ground is extremely volatile with the political and security situation changing rapidly, as well as the potentially significant changes in the local context due to an outbreak of COVID-19.</p> <p>Monitoring of the situation will be ensured on a daily basis to adapt the implementation plans to the changing security situation. If the situation becomes too unsecure, activities would be suspended until the situation stabilizes and allows for implementation without putting at risk any staff members and beneficiaries.</p>

#### **4. OBJECTIVES**

##### **4.1 OVERALL OBJECTIVE**

4.1.1 The overall objective of the action is to support the UN Peace Support Facility for Yemen.

##### **4.2 SPECIFIC OBJECTIVES**

4.2.1 To support the peace process in Yemen by accelerating the implementation of agreements reached by the parties to the conflict during negotiations led by the UN Secretary General's Special Envoy to Yemen.

## 5. ACTION COMPONENTS AND EXPECTED RESULTS

The main expected results/outcomes include:

**Expected Result (1):** Initiatives agreed by the parties, in direct support of priorities discussed during the peace consultations, and/or identified by the Special Envoy to further support broad peace efforts are implemented.

Activities (indicative):

- 5.1.1 Support initiatives which underpin the Stockholm agreement, as well as other visible interventions that build trust in the peace process under UN auspices, help mitigate the impact of the conflict on civilians and ease access for humanitarian aid.

**Expected Result (2):** Fast, flexible actions, agreed by the parties, that deliver tangible, rapid improvements in the daily lives of people, and reinforce and build public support for the political process are implemented.

Activities (indicative):

- 5.2.1 Support measures that incentivise the parties to engage in UN-led negotiations and those interventions which aim to prevent relapse or conflict spill over;
- 5.2.2 Develop initiatives in support of local level peacebuilding and support social networks and movements (also with a focus of advancing women's rights and gender inclusivity).

## 6. IMPLEMENTATION

### 6.1 IMPLEMENTATION MODALITIES

The Commission will ensure that the appropriate EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>2</sup>.

#### 6.1.1 Indirect management with an international organisation

This action may be implemented in indirect management with the United Nations Development Programme (UNDP). This implementation entails managing and implementing the UN Peace Support Facility for Yemen, with an aim to support the peace process in Yemen by accelerating the implementation of agreements reached by the parties to the conflict during negotiations led by the UN Secretary General's Special Envoy to Yemen. The envisaged entity has been selected due to the UN's unique role in the Yemeni peace talks and operational capacity on the ground. Furthermore, UNDP has been mandated to manage the Facility, so all support to the Facility is to be channelled through UNDP.

### 6.2 INDICATIVE BUDGET

The total European Union contribution under this Financing Decision **will not exceed EUR 3 000 000**. A breakdown among components is provided hereunder, and is indicative.

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<sup>2</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu) Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website, it is the OJ version that prevails.

### **Indicative budget breakdown**

<b>Components</b>	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
Component 1: Support to the PSF		
6.1.1 – Indirect management with UNDP	3,000,000	N.A.
<b>Total</b>	<b>3,000,000</b>	N.A.

### **6.3 ORGANISATIONAL SET-UP AND RESPONSIBILITIES**

The action shall be implemented under indirect management. It will be devolved and sub-delegated to the **European Union Delegation in Yemen**, with the support of the Commission for the conclusion of the contracts implementing the action.

### **6.4 PERFORMANCE AND RESULTS MONITORING AND REPORTING**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final report. Each report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and outcomes) as measured by corresponding indicators, using as reference the Logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

### **6.5 EVALUATION**

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components.

The Commission may, during implementation, decide to undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

### **6.6 AUDIT**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

## **6.7 COMMUNICATION AND VISIBILITY**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

## **7. COMPLEMENTARITY, COORDINATION AND FOLLOW-UP**

This action complements ongoing and planned actions funded through the Instrument contributing to Stability and Peace as well as through Global Europe: Neighbourhood, Development and International Cooperation Instrument (NDICI), particularly within the triple nexus with emphasis on supporting the UN-led peace process. Overall, this initiative complements, supports and coordinates with ongoing initiatives by the UN Special Envoy to Yemen<sup>3</sup>. By improving the basic conditions of life of the Yemeni population, the action will contribute to ongoing development activities currently funded by the Directorate-General for International Partnerships (DG INTPA) and humanitarian actions funded by Directorate-General for European Civil Protection and Humanitarian Aid Operations (DG ECHO), in particular measures aimed at preventing state failure, including through the provision of basic services and the creation of livelihood opportunities, as well as resilience of communities and key institutions.

Overall coordination of this action will be ensured by UNDP, notably through Steering Committees where the EU will be represented.

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<sup>3</sup> [Good Offices | OSESGY \(unmissions.org\)](https://www.unmissions.org/)