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Peace Support Facility for Yemen

**Annual Report
Year 2019**

United Nations Development Programme

Contributing partners



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Acronyms

PSF – Peace Support Facility

OSESGY – Office of the UN Special Envoy for Yemen

RCO – Office of the UN Resident and Humanitarian Coordinator

RVO – Netherlands Enterprise Agency

SCMCHA - Supreme Council for the Management and Coordination of Humanitarian Affairs and International Cooperation

UNMHA – UN Mission for the support of the Implementation of the Hodeidah agreement

UNVIM – UN Verification and Inspection Mechanism

WFP – World Food Programme

YRSPC – Yemen Red Sea Ports Corporation

Executive Summary

The UN considers Yemen the worst humanitarian crisis in the world. An estimated 80 per cent of the population, 24 million people, requires some form of humanitarian or protection assistance, including 14.3 million who are in acute need. In addition, the protracted conflict has also reversed hard-won development gains by 21 years, and -if it continues until 2030- risks bringing back the country will by 40 years.

After more than three years of war, and over two years since the last peace talks, the Stockholm agreement - brokered by the United Nations Special Envoy of the Secretary-General for Yemen on 14 December 2018 - represented a significant step towards a comprehensive peace agreement. Building on the momentum generated by the agreement, the international community came together in Berlin in January 2019 during the High-Level Strategic Dialogue on the Peace Process and Prospects for Stabilisation in Yemen to bring the UN-led process forward. It was with this intent that the Peace Support Facility (PSF) was conceptualized in Berlin as an instrument to support the peace process, under the guidance and leadership of the UN Special Envoy for Yemen and the UN Resident and Humanitarian Coordinator.

The immediate priority of the PSF was to support the implementation of the Hodeidah agreement, particularly in its objective to strengthen the UN's presence in the city of Hodeidah and the three ports of Hodeidah, Salif and Ras Issa and ensure unhindered passage of humanitarian assistance. To this end, UNDP partnered with the Port of Rotterdam and the Netherlands Enterprise Agency (RVO) to conduct a comprehensive damage assessment of the three ports which took place in June 2019. The

implementation of the assessment was made possible by the swift establishment of the UNDP sub-office in Hodeidah and the institutionalization of the partnership with the Yemen Red Sea Ports Corporation (YRSPC) – initially facilitated by the UN Mission to Support the Implementation of the Hodeidah Agreement (UNMHA).

The assessment report noted the precarious conditions of the infrastructure and equipment of the three ports, which require urgent rehabilitation interventions to avoid a complete standstill in port operations. The PSF Steering Committee meeting, held in Berlin in September 2019, therefore agreed to allocate USD 7 million to the emergency port rehabilitation and a series of priority interventions were identified. To address the significant implementation challenges faced in Hodeidah, UNDP established a Port Project Steering Committee comprising of the de-facto Ministry of Transport, the Supreme Council for the Management and Coordination of Humanitarian Affairs and International Cooperation (SCMCHA) and the YRSPC. Towards the end of 2019, the different procurement processes were initiated and in all preparations made for the implementation of the first initiative -the rehabilitation of the Training Center of Port Hodeidah- kicked-off.

The implementation of initiatives under the PSF was met with several challenges, mainly related to the difficulty of moving the political process forward and the slow implementation of the Stockholm Agreement. For this, it has proven difficult to identify initiatives that would be agreed upon by both parties (Government of Yemen (GoY) and Ansar Allah (AA) under the framework of the PSF Window 1 and to have the necessary security situation in place to

implement the activities. It is for instance the case of the rehabilitation of the Aden airport and the assessment of the Mareb power plant, both made impossible to date due to volatile and insecure circumstances in the two governorates. In direct support to the work of the Office of the UN Special Envoy for Yemen (OSESGY), the PSF also directed efforts to facilitate a port revenue mechanism in Hodeidah and the ceasefire monitoring mechanism. Yet, political complexities and disagreements between the parties, also required that these activities be put on hold.

As such, the PSF Steering Committee decided in September to broaden the scope of the PSF and add two additional funding windows, while continuing its core mandate to support the peace process. The two new windows were: a) the implementation of discreet initiatives emerging from Track II¹ dialogues and, b) the

support to transitional governance arrangements. Regarding the former, the PSF started to engage with OSESGY and main donors funding Track II initiatives to identify recommendations stemming from inclusive dialogues that can be turned into tangible PSF interventions. As for the latter, the PSF remains an agile instrument that will be able to support transitional governance mechanisms and post-peace agreement planning once political conditions are more conducive.

The PSF was rapid in setting up its core team in Sana'a, Amman and Hodeidah, benefiting from an initial SURGE deployment supported by the UNDP Crisis Bureau. However, numerous challenges related to delays in visa approval, visa cancellations and access of staff to project sites have somewhat affected the implementation – despite the high degree of flexibility adopted by the project.



Handshake between the parties at the conclusion of the press conference at the Stockholm peace talk in December 2018

Finally, as for the progress against the overall PSF outcome, it is difficult to determine the actual contribution of the project to the peace process considering the significant volatility and insecurity that Yemen has been fraught with in 2019. However, it is important to recognize the initial results achieved around the port of Hodeidah which contribute to the objective of the Stockholm agreement to strengthen the UN presence in the ports, ensuring their continued functionality and the related passage of humanitarian aid.

¹ Track II diplomacy or "backchannel diplomacy" is the practice of "non-governmental, informal and unofficial contacts and activities between private citizens or groups of

individuals, sometimes called 'non-state actors'". It contrasts with track I diplomacy, which is official, governmental diplomacy.

Situational Background

The impact of the conflict in Yemen has been devastating. Tens of thousands of civilians have been killed or injured and public infrastructure throughout the country has been severely damaged or destroyed. Half of the Yemeni population currently lives in areas directly affected by conflict. Intensive airstrikes, armed clashes, and shelling - which continue across the country - resulted in damage or destruction of civilian facilities, including irrigation systems, agricultural sites, schools, hospitals, water points and sanitation plants. Landmines and other explosive remnants of war pose long-term risks for the civilian population and humanitarian actors. In addition, the public budget deficit disrupted basic social services and payment of public sector salaries.

The UN considers Yemen the worst humanitarian crisis in the world. An estimated 80 per cent of the population, 24 million people, requires some form of humanitarian or protection assistance, including 14.3 million who are in acute need. In The protracted conflict has not only interrupted development, it has reversed hard-won development gains – which will increase exponentially with time. The [“Impact of War on Development in Yemen”](#) study -commissioned by UNDP in 2019- shows that in only four years, the conflict has reversed development by 21 years. Should it continue through 2030, the country will have been thrown back 40 years and will suffer for generations while trying to make-up the lost development gains.

The PSF has been put in place after the peace consultations convened by the Secretary-General’s Special Envoy in Sweden in December

2018 where parties to the conflict agreed to redeploy forces in Hodeida, exchange prisoners and move forward with initiatives in Taizz. After endorsing the Stockholm Agreement, the UN Security Council established a new special political mission, United Nations Mission for the support of the implementation of the Hodeidah Agreement (UNMHA), to monitor the parties’ compliance with agreements reached in Stockholm. The PSF was designed -in extensive consultations with donors²- to support the technical implementation of initiatives agreed by the parties, facilitated by the UN Special Envoy and the Resident Coordinator. It aims to build confidence in the peace process with flexible initiatives that deliver tangible, rapid improvements in the daily lives of people, incentivizing parties to deepen their engagement in the Special Envoy’s peace process and reinforce public support for it.

The PSF contributes to the Output 3 of the UNDP Country Programme Framework 2019-2021, namely “Yemenis contribute to and benefit from peacebuilding processes”. It is also aligned with the UNDP Strategic Plan outcome 3 “strengthening resilience to shock and crises” and primarily linked to the Sustainable Development Goal 16 aiming at supporting peace, justice and strong institutions.

The overall implementation of the PSF in 2019 was hindered by the political and military developments in the country. First, the implementation of the Stockholm agreement faced several challenges and was characterised by a slow degree of implementation. The understanding on Taiz struggled to even crystallize into an agreement or tangible action;

² Germany, Canada, France, European Union, Norway, United Kingdom, Denmark, Sweden, Switzerland, The United States of America and The Netherlands.

the prisoner exchange faced many obstacles to reach agreements between the parties on the details of its implementation, but managed to bear some fruit in the second semester of the year. As for the Hodeidah agreement, some progress has been made through the different meetings of the Redeployment Coordination Committee (RCC), chaired and facilitated by UNMHA, but little has happened on the ground and periods of relative de-escalation were counterbalanced by moments of escalated violence and clashes throughout the year. The unilateral redeployment of Ansar Allah from the Ports of Hodeidah, Salif and Ras Issa in May 2019 was not met positively by the Internationally-recognized Government of Yemen, which caused a temporary stall in the talks and heightened tensions.

Second, formal negotiations towards a comprehensive peace agreement did not resume in 2019 and despite efforts by the OSESGY to work towards a de-escalation, this has not fully materialized yet. In addition, in August 2019 violent clashes broke out in Aden between pro-Hadi government troops and Southern Transitional Council forces which led to the temporary seizure by the latter of the city of Aden. At the beginning of November, warring parties from Yemen's south reached a power-sharing deal brokered by Saudi Arabia which aimed not only to defuse tensions in Southern Yemen but was also seen to as a step closer towards ending the war in the country. However, to date, the Riyadh Agreement is still struggling to crystallize, and its relevance is starting to be at risk. The continuous deterioration security situation in those areas is significantly threatening the de-escalation prospects.

Mindful of the volatile and challenging political circumstances, the PSF Steering Committee – which is mandated to provide oversight authority on the overall work, priorities and strategic directions of the Facility-

agreed in September 2019 to restructure the PSF to reflect the current realities in Yemen and to further incentivising community-led reconciliation not only in Hodeidah but throughout Yemen. As a result, the Facility structure is now as follows:

- Window 1: Implementation of the Hodeidah agreement and new initiatives requested by the parties with a clear link to the Stockholm agreement or any other future agreement between Yemeni parties under UN auspices. This window remains as per original structure;
- Window 2: Delivery of discreet activities in the area of track II support with the goal of catalyzing the political process. It was later clarified that this window focuses exclusively on implementing activities that stem out from dialogues and does not consist of funding (new) track II initiatives themselves. This window further clarifies and adapts the second original window of the PSF that was focusing on Special Envoy's initiatives that target vulnerable and marginalized groups;
- Window 3: Supporting transitional governance arrangements as and when the parties agree. This is an additional window, which may extend support -for instance- to the Presidency, Central Bank, security sector and other core government functions. It will be contingent upon discussion and buy-in by the parties. This window may provide the flexibility needed by the PSF to play a role in case positive developments and prospects for a peace agreement materialize themselves.

In light of the above, and as further detailed in the following section, the PSF main result in 2019 was the progress towards the emergency rehabilitation of the Ports of Hodeidah, Salif and Ras Issa. This included establishing a working relationship with the YRSPC, conducting a comprehensive damage assessment and identifying priority interventions. The initiation

of the rehabilitation of the Port Hodeidah Training Center and the more regular discussions with YRSPC on the other interventions is a positive step which contributes to the objective

of the Stockholm agreement to strengthen the UN presence in the ports, ensuring their continued functionality and the related passage of humanitarian aid.



PSF Steering Committee – Berlin, September 2019

Results and Achievements - Progress towards outputs³

It is difficult to determine the actual contribution of the project to the peace process considering the significant volatility and insecurity that Yemen has been fraught with in 2019. Despite the momentum generated by the Stockholm agreement concluded at the end of 2018, no local peace agreement was implemented. However, it is important to recognize the initial results achieved around the port of Hodeidah which contribute to the objective of the Stockholm agreement to strengthen the UN presence in the ports, ensuring their continued functionality and the related passage of humanitarian aid.

Key results - highlights:

- A comprehensive damage assessment of the Ports of Hodeidah, Salif and Ras Issa was undertaken, and priority rehabilitation interventions identified;
- The works for the rehabilitation of the Training Center of Port Hodeidah have started and procurement for the remaining interventions is ongoing;
- Hala Systems was contracted to ensure support to OSESGY to prepare for the monitoring of ceasefire initiatives;
- PSF swiftly responded to OSESGY request for support on port revenue management;
- Preparations for the operationalization of PSF window 2;
- 81% of PSF staff has been recruited.

Output 1 - The implementation of the Stockholm agreement or any other future agreement are supported through initiatives agreed by the parties

Under the framework of this output, the PSF steering committee met on 13 September 2019 and approved the following two initiatives:

- The emergency rehabilitation of the ports of Hodeidah, Salif and Ras Al-Issa for a package of USD 7 million;

- And the assessment of Marib 1 and 2 power plants for a budget of USD 100,000.

³ It includes the four outputs composing the project after the structural review agreed upon by the Steering Committee in September 2019

1.1 - Port of Hodeidah, Salif and Ras Issa initiative

UNDP has been mandated to take the lead in providing support to Yemen Red Sea Ports Corporation in coordination with UNMHA, the United Nations Verification and Inspection Mechanism for Yemen (UNVIM) and the World Food Programme (WFP). The mandate consists mainly in rehabilitating the port to restore pre-war operational capacity in order to facilitate the

access and distribution of humanitarian aid and commercial shipments.

UNDP organized a damage and capacity assessment of the ports of Hodeidah, Salif and Ras Issa which was executed from 15 June – 8 July 2019 by two experts from the Port of Rotterdam, contracted through the Netherlands Enterprise Agency (RVO) with the financial support of the government of the Netherlands. The assessment recommended an investment package in a total value of around Euro 46,570,000. The recommendations were classified based on their priority level:

- Priority 1 projects necessary for maintaining the current port operations and avoid a complete standstill;
- Priority 2 aiming at re-establishing containerized cargo handling at Hodeidah Port;
- Priority 3 projects necessary to restore or improve safety and sustainability of the port's operations and assets.

The PSF Steering Committee agreed during its meeting in September 2019 to allocate USD 7 million for the implementation of the priority 1



Liebherr cranes at Hodeidah port

interventions, given their most immediate urgency.

Thanks to the rapid SURGE deployment in Hodeidah supported by the UNDP Crisis Bureau, UNDP swiftly established a sub-office presence in the city which was key to starting the discussions with the YRSPC, with initial facilitation by UNMHA. To address the different challenges facing implementation, especially access to the port and agreement on priority interventions, a Port Steering Committee comprising of UNDP, YRSPC, the Minister of Transport of the de-facto authorities, SCMCHA and WFP was established and is due to formally meet in the first months of 2020. The discussion held so far with the above stakeholders, and the support of some donors during their visits to Yemen, has proven successful to push forward progress on implementation, namely:

- The rehabilitation of the Training Center of Port Hodeidah has been identified from the very beginning as an important priority intervention to institutionalize the partnership between UNDP and YRSPC. Once functional, it

can provide a working space for UNDP and YRSPC staff to collaborate on a daily basis, in addition to hosting some of the envisaged training sessions for the port staff. The contract for the rehabilitation has been awarded and works have started at the beginning of 2020, following the necessary authorizations by YRSPC;

- The assessment of electrical installations was conducted by an internationally-recruited electrical engineer. An assessment report was produced in December 2019, identifying a series of interventions and repairs that will be discussed with YRSPC;

- Regarding the Liebherr cranes assessment, UNDP is going to deploy a team of RVO experts during the first quarter of 2020. The team will assess the damage of the two cranes and determine whether they can be repaired or need to be replaced. A partnership with the Liebherr company has also been established to provide remote support and technical advice (it

is to be noted that Liebherr staff could not travel to Yemen due to security considerations. Through RVO and Liebherr expertise, specifications for the possible purchase of two mobile cranes will also be designed;

- Regarding the procurement of other items, for instance the buoys, spare parts and the repair of berths, UNDP is in constant contact with YRSPC and it is expected that tenders will be launched in the second quarter of 2020.

1.2 - Assessment of Marib power plant

Marib gas-operated power station has the potential to supply 40% of the total power production capacity in Yemen. The plant, that was already suffering from a lack of maintenance and spare parts before the conflict, has been subject to many attacks in the aftermath of the 2011 uprisings and during the subsequent conflict. This has resulted in a drop in electricity generation and related power shortages across the country since 2015.

An assessment is needed to determine the extent of the damage, maintenance and spare parts needs to make the main plant operational and to restore electricity services to a significant portion of the Yemeni population. The project has hired an international electrical engineer whom, with the support of a national engineer, was tasked to conduct the assessment of the power plant.

Discussions led by the Resident Coordinator with the two parties prepared the ground for the assessment



*Training Center at Port of Hodeidah
(under rehabilitation) – September 2019.*

mission. However, due to access challenges and the deteriorating security situation (even more so in early 2020), the assessment has not taken place to date. The electrical engineer that was recruited for this task was therefore requested to assess the electrical works in Hodeidah port.

1.3 – Assistance to ceasefire initiatives

A reduction in the level of violence can allow parties to concentrate on possible compromises and advance the consultations. In addition, a reduction in violence levels, especially aerial attacks that cause the most damage to civilian livelihoods and infrastructure, will demonstrate concrete progress in the peace process to the population, increasing their confidence that a political solution can be achieved and that the parties and the UN are prioritizing their well-being. In this regard, OSESGY's immediate role is to strengthen the confidence building nature of de-escalation initiatives, with the goal of expanding the suspension into other de-escalation measures and ultimately, formal ceasefire agreements that allow the resumption of the political process.

In regard to both existing and potential ceasefires, OSESGY required urgent technical monitoring assistance to assess whether the parties are fully honoring their commitments. Aware that other donors are considering larger projects along these lines, the PSF contracted a company -Hala Systems- specialized in providing services to strengthen observation of existing ceasefire and de-escalation activities. This activity constitutes a bridging between a Canada-funded pilot and a larger-scale project funded directly by a number of donors. Activities have started in early 2020 and mainly include enhanced data tracking and reporting, technology adaptation and development, planning for assessment operations, and training of observers and party ceasefire personnel.

In addition, during one of the RCC meetings it was agreed to activate a Ceasefire Enhancement and De-Escalation mechanism (CFEDM) in Hodeidah, including the deployment of Liaison Officers from both parties and the setup of monitoring posts. The PSF was requested to look into possible incentives to support such mechanisms, however these were never put in place due to disagreements between the parties and military incidents that took place in late 2019 and early 2020.

Output 2 - Discreet activities emerging out of Track II initiatives are implemented with the goal of catalyzing the political process.

2.1 – Support to management of port revenues

The Hodeidah Agreement seeks to secure the free movement of people and goods, and as a result the parties remained committed to 'revenues of the ports of Hodeidah, Salif and Ras Issa being channeled to the Central Bank of Yemen (CBY) through its branch in Hodeidah as a contribution to the payment of salaries in the governate of Hodeidah and throughout Yemen.' In October 2019, fuel ships were prevented from entering Hodeidah because of their inability to meet the requirements of GoY Decree 49, leading to a fuel crisis in the Northern part of the country.

The PSF, with country office resources, worked to provide technical support to OSESGY in their effort to find a temporary solution to the management of oil shipping revenues. In this regard, a company with economic expertise was contracted to provide an array of options that OSESGY could use in their negotiations with the parties. The mechanism that was proposed also included a UN supervisory role for revenue

management through the Central Bank of Yemen, in line with the Stockholm agreement. PSF swiftly prepared for contracting a local auditing company to support in this regard, however, to date parties have not officially agreed to the establishment of the proposed mechanism.

2.2 - Operationalization of PSF Window 2

Following the decision of the Steering Committee of introducing such a window, the PSF worked -in consultation with donors- on an operationalization document that outlines the process and criteria for tabling initiatives to the PSF. This undertaking will not be done in isolation from ongoing Track II coordination efforts by OSESGY and donors, and therefore PSF took part in a number of meetings to follow up on the recommendations of a UK-led Track II meeting held in July 2019 and to organize a second meeting in early 2020. The meeting would be the opportunity to introduce the PSF to Track II partners and solicit their ideas. Due to COVID-19 restrictions, the meeting was postponed and will now be taking place online (April 2020) as part of a series of Track II coordination meetings initiated by the OSESGY and the EU Delegation to Yemen .

Output 3 - Transitional governance and post-peace agreement arrangements are supported as and when the parties agree

Window 3 is an important placeholder for any initiative that would serve to support transitional arrangements in case positive developments and prospects for a peace agreement materialize. This may extend support -for instance- to the Presidency, Central Bank, security sector and other core government functions, and it will be contingent upon discussion and buy-in by the

warring parties. To date, the current political and military circumstances have not favored the activation of this window.

Output 4 - The Project Management Unit of the Peace Support Facility is set up and operational

A rapid SURGE response following the Stockholm Agreement supported by the UNDP Crisis Bureau and the Regional Bureau for Arab States allowed the deployment of some key staff to design and operationalize the PSF in the first quarter of 2019. To date, 81% of positions for the project core structure have been recruited from the period from June to December 2019. The remaining recruitment processes are ongoing and expected to be completed in the first semester of 2020.

As outlined in the project document, the PSF staff is composed of a variety of profiles, ranging from programme to operations, to enable the maximum flexibility and speed of the projects being implemented. This for instance include dedicated technical expertise for the implementation of the interventions in the Ports of Hodeidah, such as an international Project Manager and a national Port Expert, both based in Hodeidah. Some temporary expertise has been contracted on short-term consultancy modality, for instance the electrical engineer, to undertake specific tasks (e.g. assessment of electrical installation in the Ports of Hodeidah).

As described in the following section, the deployment of some of the recruited staff faced some challenges due to visa cancellations and delays in visa approval by the de-facto authorities. UNDP, in coordination with the RCO, are working to resolve such issues.

Challenges and Responses

The PSF faced in 2019 a series of challenges that affected its implementation and that can be summarized as follows:

- Influence by the lack of progress in the political process. While 2019 started with the positive momentum built by the Stockholm agreement, the rest of the year was characterized by significant political and military volatility. As such, the peace process could not make significant progress and official negotiations have not resumed to date. Therefore, it was difficult for the UN Special Envoy and the Resident Coordinator to identify entry points for the PSF with the parties. Out of three possible initiatives under window 1 (Ports of Hodeidah, Aden airport and Marib power

station), only one (Ports of Hodeidah) could progress as solidly grounded in the Stockholm agreement; progress of the remaining two was made impossible by the volatile and insecure circumstance surrounding Aden and Marib. Acknowledging such challenges, the Steering Committee in Berlin (September 2019) decided to introduce two additional windows to the PSF. While the second window should not face major obstacles in its operationalization, the third window -which was designed with the prospects of an upcoming military de-escalation which did not materialize so far- may not be activated.

- Challenges in accessing project sites. Despite the progress that was made on initiating the emergency rehabilitation of the ports of



View of Hodeidah city

Hodeidah, significant access restrictions to the port influenced the pace of project implementation. These mainly related to the access restrictions to the Port of Hodeidah put in place by de-facto authorities, which also affected the communication with the YRSPC. For this reason, the conversation with YRSPC on the proposed interventions and their technical aspects saw important delays. These issues were partially resolved towards the end of the reporting period, thanks to the establishment of a high-level Steering Committee to address bottlenecks to implementation of port interventions, as well as the support extended by some donors during their discussions with de-facto authorities. Secondly, access to Marib to conduct the assessment of the power plant was never made possible due to the insecurity surrounding the site, which escalated further in early 2020.

- Restrictions to staff movement and deployments. While 81% of the staff has been recruited, some key challenges were faced before and during their deployment. This

included for instance the cancellation of one of the staff's visa and the delay of granting visa to three other project staff. While continuing to resolve these issues at the political level with the support of the RCO, the PSF has also adopted a flexible approach introducing remote-working modalities. In addition, some difficulties around in-country movement were faced by other staff, due to rejected or delayed travel clearances by authorities.

- Parties' disagreement on the implementation of proposed measures. As explained in the above sections, the PSF supported the OSESGY/UNMHA to implement some measures around the management of port revenues as well as the ceasefire monitoring in Hodeidah. However, while the PSF succeeded in doing the necessary preparations for these measures to be implemented, the lack of official agreement between the parties prevented the PSF from undertaking the activities. PSF continues to follow the work of OSESGY to address these political issues and remains ready to implement when conditions allow.

Achievements against the results framework

Indicator	Annual Target	Progress	Status
Project output 1: The implementation of the Stockholm agreement or any other future agreement are supported through initiatives agreed by the parties			
1.1 # of initiatives agreed upon by the parties implemented	1	1	Partially achieved – the emergency rehabilitation of the ports of Hodeidah, Salif and Ras Issa is an agreed-upon PSF initiative and is currently under implementation. Delays were faced mainly related to access to port site and agreement on priority initiatives with YRSPC
1.2 # of infrastructure rehabilitated	0	0	Partially achieved – it is expected that the first infrastructure piece to be rehabilitated is the Training Center of Port Hodeidah in early 2020
Project output 2: Discreet activities emerging out of Track II initiatives are implemented with the goal of catalyzing the political process.			
2.1 # of recommendations emerged from Track II dialogues implemented	0	0	Partially achieved – this indicator was introduced only after the revision of the project document following the Steering Committee’s decision in September. Work is in progress to engaged with Track II partners.
2.2 #of locations targeted by PSF peace-related interventions	0	0	Partially achieved – this indicator was introduced only after the revision of the project document following the Steering Committee’s decision in September. Work is in progress to engaged with Track II partners. <i>N.B. Hodeidah can be considered a location of PSF implementation due the port rehabilitation – however this indicator exclusively refers to output 2.</i>
2.3 # of people benefiting from improved services and living conditions	0	0	Partially achieved – this indicator was introduced only after the revision of the project document following the Steering Committee’s decision in September. Work is in progress to engaged with Track II partners.
Project output 3: Transitional governance arrangements are supported as and when the parties agree			
3.1 # of transitional mechanisms supported by PSF	0	0	Partially achieved - this indicator was introduced only after the revision of the project document following the Steering Committee’s decision in September. PSF stands ready to implement related activities when progress on the peace process is made.

3.2 # of core institutions assisted	0	0	Partially achieved - this indicator was introduced only after the revision of the project document following the Steering Committee’s decision in September. PSF stands ready to implement related activities when progress on the peace process is made.
# of PSF project staff recruited	4	7	Fully achieved. 81% of the total staff foreseen in the PSF organogram has been recruited. The remaining ones will be recruited in the first semester of 2020.

Contribution to longer-term results

Regarding the progress against the overall PSF outcome, it is difficult to determine the actual contribution of the project to the peace process considering the significant volatility and insecurity that Yemen has been fraught with in 2019.

Under output 1, however, it is important to recognize the initial results achieved around the port of Hodeidah which contribute to the objective of the Stockholm agreement to strengthen the UN presence in the ports, ensuring their continued functionality and the related passage of humanitarian aid. Thanks to the regular and continuous engagement with relevant national and local authorities, the working relationship with the YRSPC has now improved and will hopefully lead to a rapid implementation of the port interventions in 2020. The port project has also started to introduce important sustainability considerations as well as objectives for the longer-term engagement. These have been reflected in a separate project document that also includes the list of priorities 2 & 3 from the port assessment report and build on an analysis on possible scenarios for commercial traffic in the three ports.

Output 2 and 3 being recently established, their contribution to the overall outcome is yet to be seen. It will be important to have a more positive shift in the political developments to allow these PSF windows to really contribute to sustained peace in Yemen – especially for window 3.

Cross Cutting Issues

Gender Mainstreaming

The Peace Support Facility will seek to advance women’s empowerment recognizing that women and girls experience acute vulnerabilities during conflict, stabilization, recovery and rebuilding and that, in line with the UN Security Council Resolution (UNSCR) 1325, women have a key role to play in peacebuilding.

The Facility is in the process of recruiting an SDG expert, funded by Sweden, who will have - among other tasks- that of ensuring gender mainstreaming throughout the work of the PSF. In this regard, a Gender Strategy will be developed.

While the current projects identified under PSF output 1 are focusing on large-scale infrastructure rehabilitation where the

identification of opportunities for gender mainstreaming may prove challenging, the fully-fledged port project document will attempt to identify some – especially for the longer-term engagement.

The OSESGY is working with the parties towards a stronger representation of women in the negotiations as well as increasing the use of gender sensitive language in the peace process. These efforts may also contribute to a gender mainstreaming of initiatives implemented under the PSF. A clearer opportunity for advancing the gender equality agenda lies with PSF output 2, which will be focused on local-level interventions where the targeting and engagement of women will be more natural. In this regard, the PSF is also committed to identify opportunities to advance the Women, Peace and Security agenda in line with UNSCR 1325 and other relevant resolutions.

Partnerships

In the course of 2019, the PSF has established different lines of partnership and namely:

- With OSESGY and RCO to overall frame the project within the political context of the peace process in Yemen, to identify opportunities for project interventions and to jointly assess risks and feasibility of the activities. The work on ceasefire monitoring and management of port revenues is an example of a result of this collaboration. The RCO hosts the Operations and Compliance Unit, which is mandated to support the different PSF risks assessments;

- With the Ministry of Transport and the YRSPC for the implementation of the emergency port rehabilitation. Discussions with the Ministry of Transport in the de facto authority controlled areas ensure political buy-in for the initiative, while the relationship with the YRSPC is to ensure regular technical feedback on the activities implemented;

- With the Port of Rotterdam and the Netherlands Enterprise Organization, which deployed two experts to conduct the damage assessments of the port of Hodeidah, Salif and Ras Issa. An agreement with them has also been concluded to deploy other experts in 2020 for the assessment of the two Liebherr cranes; With the Liebherr Company that offered to provide remote (technical) support for the crane assessment;

- With the donor community, which has been engaged in the PSF from the very onset – keen to support the peace process.



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PSF Steering Committee meeting – Berlin, September 2019

Germany and the UK also deployed two of their staff early in 2019 to support the design of the Facility. The PSF is funded by 9 donors, with regular engagement of at least 12 countries. Some donors that have conducted visits to Yemen have supported the work of the PSF in their discussions with national and local authorities. Donors are also key partners in relation to the work that will be conducted under output 2 with a series of Track II partner organizations.

Environmental Considerations

Environmental considerations with regard to the Emergency Rehabilitation of Hodeidah Ports are being developed into its dedicated project document. Similar considerations will be done for other possible large-scale infrastructure projects, as well as for local-level ones as relevant.

Coordination

Three aspects are to be noted in this regard:

- A PSF coordination group comprising of UNDP, RCO and OSESGY has been established. The group meets on a regular basis to identify project opportunities for the PSF, conduct risk and feasibility assessments of the proposed initiatives and address implementation bottlenecks;

- Technical-level coordination with donors to brief them on PSF progress and solicit their feedback about possible future interventions and approaches. In 2019, 5 coordination meetings have been held (24 February, 6 March, 1 April, 21 July and 1 December) and one has been held in early 2020. These are in addition to the regular bilateral contacts between PSF donors and the project team;

- PSF Steering Committee which is a high-level platform with the UN Special Envoy, the Resident Coordinator, the UNDP Resident Representatives and senior representatives from donor countries. The meeting held in September in Berlin, hosted by the German Foreign Office, was important not only to discuss PSF progress and review its structure, but it also offered the opportunity to hold a Strategic Dialogue on the International Peace Support for Yemen.

- Port project technical committee: which is a platform comprising of all the project partners (UNDP, UNMHA, the YRSPC, and WFP) to discuss technical issues specific to the port component of the PSF to provide a platform where decisions, foreseen changes or emerging initiatives regarding the port can be discussed prior to their submission to the PSF steering committee. Its first meeting is schedule for early 2020.



UNDP Administrator -Achim Steiner- visiting Hodeidah port

Risk Management

Description	Type	Impact /Probability	Countermeasures
Security conditions impede staff deployment, mobility, and face to face consultations with stakeholders	Security	P = 3 I = 4	Continuous monitoring of political and security developments was done in close coordination with RCO and OSESGY
Residual risk of project implementation is assessed as too high	Political / Strategic	P = 3 I = 5	Through UN senior management’s engagement with the parties, it was ensured that parties recognised that implementation is predicated by the need for robust independent risk assessment
In the absence of peace agreement, space for peace support activities remains limited	Strategic/ Political	P = 4 I = 3	In consultation with the UN Special Envoy and RC, it was proposed to the Steering Committee that the PSF can support more local-level initiatives by implementing recommendations stemming out of Track II dialogues
Perception by the parties of partiality and unfairness of project activities	Political / Strategic	P: 2 I: 4	Close and regular coordination between RC, SE and UNDP RR took place to ensure equity of PSF interventions and gauge parties’ acceptance.
Lack of resources and capacity undermine project implementation	Operational	P = 3 I = 5	Regular coordination with donors took place to ensure needed resources were in place.
Local ownership by Yemeni partners is limited by lack of confidence in peace and the UN	Strategic/ Operational	P = 4 I = 4	Through engagement of UN senior management with the parties, agreement from authorities at all levels was secured. UNDP established a national Steering Committee for the port project to ensure stronger buy-in and address bottlenecks in implementation.
Recommendations emerging from Track II partners do not fit the scope of the PSF	Strategic/O perational	P = 2 I = 3	An operationalization document was developed to clarify window 2 scope, criteria and procedures. Coordination with OSESGY and donors was done to organize a Track II coordination meeting in early 2020 to describe the PSF to partners.

Lessons Learned

- The PSF should maintain the highest degree of flexibility with regards to possible interventions to be undertaken. As witnessed in 2019, activities in support of the peace process may be very different, depending on the political opportunity to be seized. As such, the PSF needs to maintain a flexible structure and draw on country office capacities where needed to be able to address the different nature of the proposed interventions;

- Linked to this, the role that the PSF can potentially play in support of peace in Yemen beyond the UN brokered peace negotiations also emerged in 2019. The Riyadh Agreement between the Government of Yemen and the Southern Transitional Council (STC) though falling outside of a UN brokered process could also be reinforced through actions of the Peace Support Facility. Though 2019 did not see any traction in the implementation of the Riyadh agreement, it did not prevent the Peace Support Facility from reflecting around potential points of entry for future peace reinforcement activities. This could be the subject of a larger discussion with PSF partners in 2020.

- A solid risk assessment of PSF interventions is essential in such a volatile context. Some of the risks outlined in the assessment of port rehabilitation project have manifested themselves in 2019 and PSF team was prepared to adopt the necessary countermeasures. The risk assessments should also be reviewed on a regular basis and especially in light of changes in the political/military context;

- Following from the damage and capacity assessment in the Ports of Hodeidah, Salif and Ras Issa, the PSF also commissioned as assessment of the port electrical infrastructure and in the absence of the Marib power station assessment, the senior

electrical engineer was able to also assess the Ansaldo power plant in Hodeidah as well as Hizaiz station in Sana'a. One of the resounding conclusions of the Hodeidah power station assessment is the low-cost benefit of trying to rehabilitate the station which is now over 40 years old. This has highlighted the need to look into alternative sources of energy, such as solar power. There would be merit in the PSF exploring the question further not only for the value of bringing electricity to communities but for the reduced impact on the environment.

- While the Track I political negotiations may be progressing at a very slow pace, there are opportunities to build peace at the more local level, also engaging local authorities and communities. Therefore, the PSF will further invest in engaging Track II actors for the identification of possible initiatives;

- The Hodeidah Clean Up initiative that employed members of the community and the District Cleaning Fund is largely considered a successful intervention that injected cash into the community while also showing tangible impact on the ground. Quick impact initiatives similar to this can and should be envisaged going forward.

- It is important to maintain a close coordination and regular dialogues with donors to keep them abreast of PSF developments and engage them on the different initiatives and approaches. This has proven useful for the PSF implementation in 2019 when a delegation of some donors, during their discussion with authorities in Yemen, successfully advocated to urgently address some bottlenecks faced by the PSF. In addition, as the PSF being linked closely to the peace process, it is important for donors to be updated on the developments to be able to support the efforts on political level through the diplomatic channels;

Conclusions and Ways Forward

The positive momentum created by the Stockholm agreement was the main driver behind the establishment of the Peace Support Facility which has the objective to build confidence in the peace process and deliver tangible improvements in the daily lives of people. Therefore, as an initial priority, the PSF focused on supporting the implementation of the Hodeidah agreement and in particular on the aspects related to the management of the Ports of Hodeidah, Salif and Ras Issa.

As described in this report, the results on the emergency port rehabilitation still need to fully materialize but there have been positive signs pointing towards a gradual improvement of the relationship with the YRSPC and the related opportunity to swiftly implement the interventions. It is expected that in 2020, significant progress will be made in completing the planned works on the port, gradually looking at longer-term interventions to enhance commercial flows and can contribute to Yemen's economic recovery.

While there have been opportunities to support interventions also in areas controlled by the Government of Yemen, such as the Aden airport or the Marib power station, these have been hindered by heightened tensions and insecurity in those areas. Early in 2020, the PSF has started to engage with the Government of Yemen to identify other opportunities in this regard. This will be a key priority in 2020, which if successful, can ensure a certain balance in the work of the PSF and reduce the risk of being perceived as biased.

The main obstacle that the PSF faced in 2019 has been lack of significant progress on the political process. This not only applies to the limited implementation of the Hodeidah

agreement, and Stockholm agreement at large, but also to the national-level peace negotiations which have not officially resumed. While the PSF has demonstrated its flexibility as an instrument to support OSESGY's work with the parties, a more conducive political environment is needed to veritably unleash the PSF potential to support the peace process. It is therefore hoped that 2020 will be characterized by more positive developments, starting possibly by the enforcement of a nation-wide de-escalation and ceasefire.

The PSF will not remain idle awaiting positive signals from the political process, but it will try to seize the opportunity of its window 2 and engage with Track II partners to generate initiatives that will promote peace at a more local level. It will be important for the PSF not to conduct this work in isolation but in a way that supports OSESGY's vision on 'building peace from the ground up' through Track II dialogues. In doing this, PSF will place attention in promoting social inclusion and gender equality which have emerged in 2019 as increasingly important priorities.

Close and regular communications and coordination with the parties will be of outmost importance to mitigate and address operational and political risks that may arise during the implementation. The UN Special Envoy and the UN Resident Coordinator will continue to lead on this engagement at the highest level, and UNDP will engage at the more technical level with national and local authorities and partners. The overall support of the international community to the PSF remains critical and a Steering Committee meeting will be planned in the first semester of 2020 to provide an opportunity to engage donors in a strategic dialogue on Yemen.

Annex 1 – FINANCIAL REPORT

The PSF has initially been established as a two-year initiative with a budget of USD 20 million for 2019-2020. To date, more than USD 16.6 million has been mobilised from ten donors including: Canada, Denmark, the European Union, France,

Germany, Norway, Sweden, Switzerland, the United Kingdom, and UNDP.

Resource Mobilization Summary

Donor Contributions	Amount in USD
Germany	5,116,868.27
Canada	1,524,390.00
Denmark	2,104,947.00
United Kingdom	2,094,241.00
France	1,098,901.00
Norway	1,072,644
Sweden	1,077,702.00
Swiss Development Cooperation (SDC)	1,016,260.00
European Union	1,118,900.00
UNDP	377,904.37
Total Contributions Received	16,602,757.64
Total Budget	20,000,000.00
Financing Gap	3,397,242.36

Financial Status

The PSF has mobilized 83 per cent of its planned budget for Phase 1 (2019-2020); 11.2 per cent has been spent as of 31 December 2019 and USD 3,397,242.36 is yet to be mobilised. The funding gap does not take into account UNDP's 2020 contribution (yet to be determined) and an additional Euro 2.5 million pledged by the Kingdom of the Netherlands.

2019 was focused upon recruiting personnel and expertise, developing partnerships, setting up the governance structure and assessing potential initiatives, and preparing technical work and high-level political dialogue to align both parties around the identified initiatives.

Summary of expenditure by donor

Donors	Disbursement	Total Expenditure	Contribution	Balance	% utilization
Denmark	138,898.00	138,898.00	2,104,947.00	1,966,049.00	7%
EU	-	-	1,118,900.00	1,118,900.00	0%
France	-	-	1,098,901.00	1,098,901.00	0%
UNDP	394,118.00	394,118.00	394,118.00	-	100%
Germany	645,851.00	645,851.00	5,116,868.27	4,471,017.27	13%
Norway	-	-	1,072,644.00	1,072,644.00	0%
UK	531,701.00	531,701.00	2,094,241.00	1,562,540.00	25%
SIDA	82,385.00	82,385.00	1,077,702.00	995,317.00	8%
SDC	-	-	1,016,260.00	1,016,260.00	0%
Canada	96,461.00	96,461.00	1,524,390.00	1,427,929.00	6%
Grand Total	1,889,414.00	1,889,414.00	16,618,971.27	14,729,557.27	11%



