Republic of Yemen: IDA Crisis Response Window
Support for Cholera Response

1. **This IDA Crisis Response Window (CRW) request of SDR144 million (US$200 million equivalent) for Yemen will provide essential support to a country experiencing conflict, widespread food insecurity, malnutrition, and the world's most severe cholera outbreak.** Yemen, the poorest country in the MENA region, has been in active conflict for more than 28 months. An estimated 18.8 million Yemenis (around 65 percent of the population) are food insecure and a further 7 million severely so. Incidence of malnutrition has increased 57 percent since 2015 and now affects more than 3.3 million people. Since April 2017, millions of Yemenis are at risk of cholera infection following the identification of what WHO has termed the "the world's worst" cholera outbreak. On May 14 and in response to spiking infections, local health authorities declared a "state of emergency" with WHO classifying the outbreak as a Grade 3 emergency, the most severe category, and one for which "external support is required". To date, an estimated 420,000 cholera cases have been detected and there have been 1,900 fatalities. Without urgent intervention, there is concern that infections may increase to 500,000 within a month (August 2017).

2. **The people of Yemen face a complex, multi-faceted social and economic crisis.** The World Bank has responded to provide immediate assistance to Yemenis at greatest risk and to preserve the capacity of functioning local institutions. The IDA portfolio was fully restructured to free-up emergency resources. The Board has approved about US$783 million equivalent for projects supporting the social fund, cash transfers, social fund, and health and nutrition. In January 2017, the Board approved the Emergency Health and Nutrition Project (EHNP) to support of essential health and nutrition services. In May 2017, amid increasing likelihood of famine conditions, additional financing (including US$200 million for a cash transfer program and US$83 million for health and nutrition) was approved to scale-up IDA's support. These projects build on past interventions supported by IDA.

3. **EHNP is being implemented by WHO and UNICEF working on the ground with local health institutions.** This innovative approach to implementation has made good progress to date. In addition, IDA's partnership with the two international technical agencies has ensured effective aid harmonization with WHO and UNICEF overseeing the national response and an additional US$100 million in donor pledges from China, DFID, OFDA, Yemen Humanitarian Pooled Fund, Kingdom of Saudi Arabia, UAE, UN Central Emergency Response Fund, Oman, ECHO and Kuwait.[1] The World Bank is also working with donor partners to establish a Multi-Donor Trust Fund (MDTF) for Yemen. The purpose of the MDTF would be to provide a platform for coordinated financing from interested contributors for recovery and reconstruction needs in Yemen. The Bank's specific value proposition is in drawing upon its IDA program in Yemen, as well as its technical depth and global expertise in providing the analytical underpinnings for the design and delivery of MDTF-financed interventions. The interventions are expected to cover four themes: crisis response; reconstruction and recovery through state-

[1] To date, about US$100 million has been pledged by various donors for the cholera outbreak response, including UK DfID (US$7.6 million), the Office of US Foreign Disaster Assistance (OFDA) (US$6 million), the Kingdom of Saudi Arabia (US$66 million), and the United Nations Central Emergency Response Fund (CERF) (US$2 million).

building and development; leverage private sector investments; and monitoring and risk management.

4. **EHNP has supported investments in disease surveillance that, together with the related training of 1,000 health personnel in 120 sites, will help future detection, control and prevention of cholera and other infectious diseases.** However, the protracted conflict has accelerated and exacerbated the impact of the cholera outbreak. Infrastructure has been destroyed or rendered inoperable including water systems and waste water treatment plants; health services have collapsed with less than half of facilities functional and leaving an estimated 14 million Yemenis without access to basic health services. In terms of the immediate response, EHNP has supported the establishment of 45 cholera treatment and 250 oral rehydration centers; procured 500 tons of medicine and restored water quality in 15 sources in this one of the most water scarce countries in the world. Three million Yemenis have been provided with hygiene kits and jerry cans and more than 200,000 cases have been treated successfully.

5. **To help respond more effectively to the immediate cholera outbreak, IDA proposes the second Additional Financing (AF2) to EHNP to expand the ongoing partnership with UNICEF and WHO to bolster the capacity of Yemen's health system, along with complementary efforts to increase access to safe drinking water to prevent the spread of the disease.** While increasing support to ongoing provision of integrated health and sanitation services through AF2, CRW funding will focus on three strategic and interrelated aspects of the outbreak: *outbreak response US$67 million), prevention of future infection and transmission US$30 million); and systemic institutional strengthening (US$103 million)* (see Table 1)**.** Notably, AF2 would support the oral cholera vaccination (to be administered early next year) of as many as ten million Yemenis. This ambitious mass vaccination – one of the largest ever undertaken – would have significant medium-term benefits, reducing the potential for future cholera infection.

<table>
<tr><th></th><th>Cholera response and control of cases</th><th>Prevention of spread</th><th>System strengthening and resilience</th></tr>
<tr><td>Health</td><td>Patient care and control of cholera outbreak</td><td rowspan="2">• Cholera vaccination
• Social mobilization activities at household, facility, community and national levels for effective behavioral, hygiene and health change
• Protection of urban and rural public water resources</td><td>• Strengthening Disease Surveillance systems
• Laboratory Support
• Rapid Response Teams</td></tr>
<tr><td>WASH</td><td>Improve access to safe water and sanitation at households, schools, health facilities, public markets, and other communal gatherings</td><td>• Institutional strengthening and capacity building</td></tr>
</table>

6. **Under the proposed request, the following policy waivers are sought from the Board:** (i) The first waiver relates to the criteria related to eligible recipients of funding under the policy related to the IDA CRW. The waiver is needed because the CRW program is geared towards IDA sovereigns as recipients and did not envision lending to public international organizations. The mechanism to channel through international organizations is needed for Yemen since there is no official government counterpart to sign the financing agreement, UN agencies are proposed to be the grant recipients and implementing agencies; (ii) Waiver of application of the Anti-Corruption Guidelines for IDA Grants to UNICEF and WHO. Specifically, a waiver is sought to paragraph 20 of OP. 10.00, that would otherwise require the application of the Bank's Anti-Corruption Guidelines. It is proposed that the additional financing rely instead on the relevant fraud and corruption procedures of WHO and UNICEF; and (iii) Waiver of the application of the IDA Commitment Charge in respect of WHO and UNICEF for the duration of the project. The current commitment charge is currently set at zero and this waiver is not expected to entail any significant financial impact.

CRW Eligibility Matrix

Eligibility Requirements	Considerations
1. Impact Data underpinning the need to access CRW resources	Yemen, the poorest country in the Arab world and in its third year of conflict, is already experiencing "the largest food security emergency in the world" (FAO). The World Food Programme (WFP; 2017 Humanitarian Response Plan) estimates some 3.3 million children, pregnant and nursing women are "acutely malnourished", including 462,000 children under five – a 57 percent increase since late 2015. In four governorates – Al Hudaydah, Hadramaut, Taizz and Abyan – malnutrition rates for adults and children exceed the critical threshold. In addition, Yemen is currently battling the "world's worst cholera outbreak". Millions of Yemenis are now facing the risks of a triple threat of conflict, famine and cholera. A second wave of Acute Watery Diarrhea (AWD)/cholera outbreak started on April 27, 2017, spreading to almost all governorates. The number of suspected cases has since surpassed 420,000 with more than 1,900 fatalities since April. As many as 500,000 people could become infected by the end of August. It is not possible to provide an accurate assessment of the impact of the outbreak on Yemen's GDP given the difficulty in disentangling the disease effects from those of the conflict or food insecurity among others. Recent disease outbreaks such as Ebola do not provide an accurate guide given their very different pathologies and transmission rates. The Ebola experience does however underscore relevant factors affecting the cost and effectiveness of outbreak response: a) It is estimated that the cost of the Ebola response increased 1900 per cent from the detection of the outbreak (April 2014) to the mobilization of the international response (October 2014). As a general measure, we can assume that the greater delay in mobilizing the response, the greater the overall cost; b) Direct costs of an outbreak of an infectious

	disease (i.e., the costs of hospitalization, treatment and medication; the societal losses of morbidity, disability and premature death) are significant but may not be as great as the costs of contagion avoidance (i.e., economic disruption caused by social distancing measures). We know that the SARS outbreak of 2003 is estimated to have caused a drop in GDP of between 0.5 – 1 per cent of the affected economies of China, Taiwan, China, Hong Kong and Singapore. These losses were far too large to be explained by the costs of illness and death associated with 8,096 cases and 776 deaths. We do know that the health system has essentially collapsed with less than 45 percent of all health facilities are fully functional and more than 14 million people require assistance to access safe drinking water and sanitation. The health and nutrition condition of the vulnerable population, particularly malnourished children, is already compromised, increasing their susceptibility to cholera infection and associated complications and resulting in a higher case fatality rate. Very important to note for the **medium term** (but already a binding constraint): Yemen is one of the **most water scarce regions** of the world. Without appropriate mechanisms to regulate and monitor water use, **access to safe water** will be even more of a distant hope, and the issues of untreated wastewater and poor hygiene and sanitation practices a greater cause for concern for cholera and other reasons. Further, the WASHPD shows that Yemen is one of the few countries in the world where poverty rates are increasing, even prior to the most violent conflict, and that there is a link between poor WASH and poor child health/nutrition. This compounds the need for access to affordable basic services, as cholera and other disease spread more rampantly when populations are more vulnerable.
2. Assessment may also take into	a) On May 14, 2017, local health authorities

account whether the country has: a. Issued a declaration of emergency b. Requested CRW resources c. Requested a Post-Disaster Needs Assessment or Damage and Loss Assessment (DALA)	declared a state of emergency, indicating that the health system is unable to contain the unprecedented outbreak of cholera in Yemen. Since then, the cholera outbreak has been classified by WHO as "Grade 3" (highest alert phase) which indicates "a significant single or multiple country event with substantial public health consequences" for which "external support is required". b) The MNA region is requesting an allocation of US$200 million from the IDA CRW to scale up prevention and control services in coordination with the local health and water authorities, private suppliers, and international/national non-governmental organizations. c) As Yemen is in active conflict, no formal PDNA or DALA has been undertaken. Assessments of the food security and cholera situations are derived from UN estimates. The Bank has undertaken a Dynamic Damage and Needs Assessment (DNA) that focuses exclusively on an estimate of physical recovery and reconstruction costs in seven sectors in ten cities. The DNA draws on best practices from similar assessments conducted in conflict-affected countries and relies on remote sensing. A second phase of the DNA has been recently completed. It covered ten cities (Ad-Dhale, Aden, Amran, Bayhan, Hodeidah, Lahj, Sa'da, Sana'a, Taiz, and Zinjibar) and seven sectors (namely education, energy, health, housing, ICT, transport, and water and sanitation). As of May 2017, total damage for the ten second-phase DNA cities are estimated to range between US$6.6-8.0 billion while recovery and reconstruction cost are estimated to range between US$13.6-16.6 billion.
3. Assessment of the World Bank capacity to respond without accessing CRW	IDA's ability to respond without accessing CRW funding is severely limited. Following Yemen portfolio restructuring, all IDA17 resources have been committed to two emergency operations: • US$500 million Emergency Crisis Response

	Project (including US$50 million approved by the IDA Board in July 2016, • US$250 million first AF approved in January 2017, and US$200 million second AF approved in May 2017) and • US$283 million Emergency Health and Nutrition Project (including US$200 million approved in January 2017 and US$83 million first AF approved in May 2017). To date, US$198 million has been disbursed by IDA under ECRP and US$212 million have been disbursed under EHNP. The other two ongoing health projects (Schistosomiasis and Health and Nutrition projects) have minimal undisbursed balances and are scheduled to close in 2017. Core IDA18 resources for Yemen are limited and will not be sufficient to finance the urgent cholera response. The entire IDA allocation for Yemen will be fully committed to the emergency projects. Based on the UN and local authorities' estimates, the resources needed to control the current cholera outbreak and prevent another one would exceed US$350 million. About US$50 million have already been allocated to the cholera response under the EHNP by triggering the contingent emergency component (implemented by WHO) and scaling up the planned activities for cholera being implemented by UNICEF. In the view of management, further reallocation from the ongoing emergency operations would compromise IDA's ability to deliver on critical needs already identified. Consideration was given to an application to the newly-instituted Pandemic Emergency Facility but was not pursued for the reasons including: 1) Cholera is not identified as one of the diseases triggering the insurance coverage and 2) the cash window (which may have proven a better fit – albeit limited to a total of US$50 million was significantly below the amount requested from CRW) is not currently operational.
4. Outline cooperation with the	The IDA and UN system have established

United Nations – particularly OCHA	exemplary and effective partnership in Yemen that is has ensured effective coordination of donor support (UNICEF and WHO are also overseeing the national response including those contributions from other donors). The experience gained from these arrangements is expected to inform future assistance to Yemen – including the emphasis given to supporting existing institutional and local implementation capacity until the situation permits more conventional implementation. Given the security situation and the importance of rapid response (in terms of efficacy and efficiency), the on-the-ground presence of the UN system has provided IDA an unprecedented opportunity to channel funds to beneficiaries, addressing critical needs and preserving local service delivery capacity. UNDP is implementing the US$300 million ECRP component that is providing income support to 2 million poor Yemenis, including women, youth and internally displaced persons. Over the next two years, the project is expected to provide temporary employment opportunities to around 400,000 individuals and access to basic services for 2.5 million people. The project provides nutrition support to 85,000 poor women and their children. UNICEF is implementing the recently approved, US$200 million cash transfer AF component of this project. UNICEF and WHO are implementing the US$283 million EHNP that aims to sustain the capacity of the existing health system while providing essential health and nutrition services to an estimated 7 million Yemenis over the next two years. The project aims to provide immunizations to 5 million Yemeni children and to treat 50,000 cases of malnutrition.
5. Validation of initial impact data with PDNA and other information	*Please see response to 2c above that confirms that the scope of the DNA is limited to the direct*

to calculate final allocation	*cost of physical reconstruction.* The second phase of the Dynamic Needs Assessment (DNA) has just been completed and will update impact data and expand both the geographic and sectoral scope. It will also help inform the forthcoming international High-Level meeting on Yemen planned in October in Washington, DC. The Yemen Humanitarian/Development/Peace Platform (YHDPP) has been formed by EU-UN-World Bank and joined by Islamic Development Bank. Pre-RPBA work is ongoing. The platform will feed into full RPBA post-peace agreement.
6. Factors: a. Severity of crisis and costs of recovery from PDNA/DALA b. Number of affected persons c. Estimates of impact on GDP d. Availability of resources to respond to crisis from (i) IDA Portfolio; (ii) domestic resources; (iii) other external financing including IBRD; (iv) amount of remaining CRW resources e. Absorptive capacity f. Country size and characteristics	(a) The scale of food insecurity and cholera is staggering. Yemen has been devastated by 28 months of conflict, and millions of Yemeni people are now facing the risks of a triple threat of conflict, famine and cholera. The WFP estimates some 3.3 million children, pregnant and nursing women are "acutely malnourished". In four governorates – Al Hudaydah, Hadramaut, Taizz and Abyan – malnutrition rates for adults and children exceed the critical threshold. On top of this, Yemen is currently battling the world's worst cholera outbreak. A second wave of Acute Watery Diarrhea (AWD)/cholera outbreak started on April 27, 2017 spreading to almost all governorates. Malnutrition and cholera are closely interlinked: people weakened due to malnutrition are more likely to contract cholera and cholera is more likely to flourish in places where malnutrition exists. (b) The number of suspected cases has reached 420,000 and more than 1,900 people have died due to the disease since late April. As many as 500,000 people could become infected by the end of August. Yemen's conflict has caused widespread damage to its human development and infrastructure. The cost of reconstruction of physical assets alone is estimated at US$25 billion (almost equivalent to

	Yemen pre-conflict GDP). The accumulated loss in growth is estimated to be US$29 billion. Restoring critical physical infrastructure, including residential housing, power, transport and water are critical. Job creation, aimed at diversification and transformation will be essential to fulfill the potential of Yemen's economy. An early estimate for rebuilding – based upon current needs – could reach about US$88 billion over the next five years. As an example, 14 million Yemenis require assistance to access safe drinking water. (c) The impact of cholera on GDP cannot be disentangled from the related costs of the conflict, and food insecurity (Please see responses to question 1 above) at this point due to lack of specific data. It is estimated however that GDP has dropped by 40 percent relative to pre-conflict levels with enterprises operating at half the pre-conflict capacity; 8 million Yemenis have lost their livelihoods during the conflict/food security/cholera crisis. Every ten minutes a child dies from preventable causes in Yemen – and pre-existing malnutrition and the weakening of the immune system makes children ten times more likely to die than healthy peers. (d) Given the ongoing conflict and disastrous situation, the current needs of the country are huge when it comes to basic services. The UN and local authorities estimate that over US$350 million would be needed to control the current cholera outbreak and prevent another one. These needs exceed the available IDA resources for Yemen. About US$50 million have been already reallocated to the cholera response under the ongoing EHNP by triggering contingent emergency component. There is little to no realistic scope of accessing domestic resources. The projected budget deficit for 2017 is estimated at US$4.2 billion or 15 percent of GDP. Yemen is unable to finance this deficit, and domestic and external arrears are

	mounting. Civil service salaries have not been paid since September 2016 and arrears from both 2015 and 2016 stand at around US$900 million. There are additional arrears for goods and services, transfers to the Social Welfare Fund, and other items. The international community has been active in supporting the response to the cholera outbreak in Yemen, i.e., beyond the assistance provided by the UN and humanitarian aid partners in response to food crisis earlier this year. To date, about US$100 million has been pledged by various donors for the cholera outbreak response, including UK DfID (US$7.6 million), the Office of US Foreign Disaster Assistance (OFDA) (US$6 million), the Kingdom of Saudi Arabia (US$66 million), and the United Nations Central Emergency Response Fund (CERF) (US$2 million). Potential funding is also expected from China. Total CRW resources available for IDA18 amount to SDR2.1 billion (US$3.0 billion). So far in IDA18, SDR58 million (US$80 million) of CRW resources have been allocated to Mongolia for a response to the commodity price shock. The SDR144 million (US$200 million) CRW allocation to Yemen for emergency response to the cholera epidemic would represent 7 percent of the remaining SDR2.0 billion in the IDA18 CRW envelope. (e) The strong absorptive capacity has been demonstrated by the significant progress made under the ongoing emergency operations. Out of the US$283 million EHNP funds approved in January and May 2017, close to 75 percent have been disbursed by IDA to date. The US$500 million ECRP has disbursed close to 40 percent of the total. (f) Yemen has a population of about 28 million people. It is the poorest country in MNA region and has been in active conflict since 2015.