

**USAID/Yemen**

**Annual Report**

**FY 2005**

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## Yemen

### Performance:

Background: Following the unification of Marxist South Yemen and North Yemen in 1990, the new Republic of Yemen Government (ROYG) made impressive progress with the establishment of a constitutional government, a parliamentary system with multiparty elections, and laws to strengthen non-governmental organizations. The new Government began to decentralize resource allocation decisions and local management of social services, and define development goals. Initially, the ROYG demonstrated a strong commitment to stabilization and reform through price and market liberalization, fiscal prudence, liberalization of foreign exchange and trade, striving to cut foreign debt and increase foreign exchange reserves. Recently, attempts at economic reform have slowed and Yemen's internal stability is further threatened by a combination of forces challenging the government's ability to move closer towards democracy. These forces include extreme poverty, Islamic extremism, internal and international terrorism, and the alienation of the central Government by relatively independent leaders in remote areas.

Despite progress made over the last decade, Yemen remains one of the least developed countries in the world and ranks 148 out of 175 countries on the UNDP Human Development Index (2003). It has a per capita GDP of \$460. Forty-two percent of the people live in poverty (45% in rural areas) and one in five is malnourished. Yemen's 18.5 million population, which is predominantly rural, faces enormous economic and social challenges. Among the major problems are limited access to basic services, a very high fertility rate (6.7%), high illiteracy rates especially among females (73.5%), high unemployment (40%), significant gender inequality, diminishing oil reserves, and a non-renewable water supply, which is dwindling at an alarming rate.

Thus, poverty reduction remains Yemen's most compelling challenge. To make a significant impact on poverty reduction, Yemen must increase its focus on rural communities, where 75 percent of the population resides. The rugged terrain, which has already been a significant challenge for agricultural development, and service delivery, will present a challenge for this task as well.

U.S. Interests and Goals: United States Government's (USG) foreign policy interests in Yemen are to expand the USG and ROYG's partnership against terrorism, neutralize al-Qa'eda's ability to threaten U.S. interests both inside and outside Yemen, and improve the quality of life for the average Yemeni. To achieve these goals, USG development assistance will reinforce diplomatic, military, law enforcement, counter terrorism and intelligence cooperation by focusing on practical, visible, high and fast impact services in health, basic education, agriculture and democratic reform in five remote, very poor and sometime dangerous governorates where the USG and the ROYG are seeking the support of Yemen tribes in the war on terrorism. The five target governorates include Saada, AL-Jawf, Amran, Marib and Shabwa.

To achieve this goal, USAID's "Interim Strategic Plan For Assistance to the Republic of Yemen, May 2003-September 2006" focuses on four strategic objectives: (1) Increased Use of Reproductive, Maternal and Child Health Services in Target Governorates; (2) Improved Basic Education, Especially for Women and Girls; (3) Increased Income Opportunities and Food Security in Selected Governorates; (4) Expanded Democracy and Governance in Yemen. Crosscutting themes include improved services and opportunities for women and girls, community participation, and good quality data for planning and management. Middle East Partnership Initiative (MEPI) and USDA [416(b) and P.L. 480] resources will buttress USAID Economic Support Funds (ESF) funds in the economic growth, agriculture, and democracy and governance sectors.

Donor Relations: USAID coordinates very closely with the donor community to assure that the impact of relatively scarce donor resources is maximized in response to the overwhelming development needs in Yemen. The United States is the number one bilateral donor in Yemen, followed by the Netherlands, Germany, the United Kingdom and Japan. Multilateral donors include the World Bank, the European Union, UNDP, UNFPA, UNICEF, WHO, WFP, IFAD and Abu-Dhabi Fund. Very few donors work in the five remote governorates targeted by USAID. U.S. development efforts in these governorates are seen as the vanguard in opening up other donor assistance programs to these critical areas.

In the health sector, the Netherlands, Germany and the World Bank dedicate special attention to donor coordination, especially on the Government of Yemen's Health Sector Reform proposal. Japan continues to have a hardware-based health program. Five multilateral donors also have significant health programs in Yemen: the World Bank, UNFPA, WHO, the European Union, UNICEF and WFP, although almost none of them work in the five remote governorates targeted by USAID. In education, the three largest bilateral donors are the Netherlands, Germany and the U.S. Japan and the United Kingdom also have new programs in basic education. There are three multilateral donors with significant basic education programs in Yemen in 2004: the World Bank, the World Food Program and UNICEF. In agriculture, a range of bilateral and multilateral donors such as the World Bank, Germany, IFAD, UNDP, FAO, Netherlands, Abu-Dhabi Fund, and the Islamic Bank are providing assistance, but none of this assistance reaches poor farmers (especially women farmers) in the USAID five target governorates. Finally, in the democracy and governance sector, in addition to a few bilateral donors, only the USG and the Netherlands have chosen to work in this sector. Multilateral donors include the World Bank, the EU and UNDP.

Key Achievements: FY 2004 was a year of significant progress for the USAID program in Yemen. The Mission's success is due in large measure to the respect and confidence that the Government of Yemen and USAID officials share. Equally important were the Mission's extremely collaborative efforts with the U.S. Embassy, the State Department's Middle East Partnership Initiative (MEPI), the Department of Defense (DOD), and other international donors to leverage its resources and strengthen the impact of USAID's program in Yemen.

In the health sector, USAID/Yemen is making substantial contributions to increasing access to quality health services and improving the environment for health in the five USAID targeted governorates. Noteworthy accomplishments in the health sector include the delivery of two and a half tons of contraceptives, construction or renovation of over two dozen health facilities, provision of much needed modern medical equipment, state of the art work in Geographic Information Systems (GIS), and the training of midwives.

In the education sector, USAID/Yemen aims to enhance access to quality primary education in the public sector, increase literacy and numeracy opportunities at the community level, and improve the public sector environment for education. Thus far, USAID/Yemen has built and renovated several schools, provided equipment such as desks and tables, trained 80 female teachers, and provided literacy classes to women. The Mission has also recently launched a \$10 million Yemen Accelerated Learning Activity (YALA) to increase the access of children, particularly girls, to primary education; improve the quality of instruction; and reduce gender inequality in the education system.

In the agricultural sector, USAID/Yemen conducted a detailed assessment and developed a program that will address the reorientation of the Ministry of Agriculture, agriculture research and extension, horticulture marketing, integrated livestock activities, and women's services and extension. The program will be buttressed by USDA funds.

As part of its democratic reform program in Yemen, USAID recently launched two programs that address decentralization implementation and provide support for reform-minded parliamentarians. The decentralization project provides technical assistance and specialized training for government officials to strengthen the implementation of decentralization policy initiatives at the national level, coupled with support for pilot activities at the local level in target governorates. Furthermore, in an effort to strengthen the capacity of the legislative branch, USAID/Yemen will also provide training for reform-minded Members

of Parliament and select committees. USAID/Yemen will also establish of a legislative resource center for research and public debate.

Due to limited ESF funding, USAID/Yemen has had to focus its resources on activities in the health and education sectors. However, the Mission has been able to significantly leverage its funds by partnering with other U.S. Government agencies and initiatives such as the Middle East Partnership Initiative (MEPI) at the State Department, USDA [P.L. 480 and 416(b)], and the Department of Defense (DOD). Partnering with MEPI has allowed the USAID/Yemen to considerably strengthen its democracy and governance program, enabling the Mission to conduct critical work in decentralization implementation and parliamentary reform. The Mission has also leveraged its funds in agriculture, health and education by working closely with the U.S. Embassy in programming USDA P.L. 480 and 416(b) funds to build more schools, hospitals, and the implementation of numerous agricultural projects such as research and extension at the village level, integrated livestock development, horticulture marketing, support for the Ministry of Agriculture, and the building of roads. In addition, USAID/Yemen has partnered with the DOD to construct a school in Saada.

**Challenges:** Despite the considerable expansion of the USAID/Yemen program over the last year, the mission has faced numerous obstacles that have led to some delays in the implementation of the program. The most prominent challenges include the dangerous security environment, difficulty in recruiting and retaining staff, and need for increased host government commitment.

USAID/Yemen has been charged with working in five remote, very poor, and sometime dangerous governorates where the USG and the ROYG are seeking the support of Yemeni tribes in the war on terrorism. These governorates are often prone to violent outbreaks as a result of tribal conflict. As a consequence USAID has on occasion been a random victim of several attempted car hijacking and bullet shots. An extremist insurgency in Saada during the summer of 2004 has at times created a hostile environment and has thus added a new dimension to the potential security threat against contractors working in Yemen.

Another challenge facing the Mission is the problem of recruiting and retaining qualified staff. It has been difficult to recruit American personnel due to the perceived security threat in Yemen. Similarly it has also been challenging for both USAID and its contractors to attract highly qualified local staff, due to the security concerns, stigma attached to working for the U.S. Government, a limited pool of qualified candidates in Yemen, and a non-competitive salary level and benefits package. Furthermore, as a result of conservative and traditional cultural norms that generally relegate women to the private familial realm, it has been especially difficult to recruit qualified and experienced female employees who are willing to work out in the field and address the much-needed concerns of the female population.

Lastly, navigating the complex and often inefficient Yemeni bureaucracy in an effective manner has posed another challenge for USAID/Yemen. Even though the ROYG has publicly recognized the need for substantial reform in Yemen and proposed ambitious reform packages such as the Health Sector Reform Strategy and Basic Education Strategy (BEDS), serious implementation of these activities is only beginning. Only with increased support and commitment from national and local officials will USAID/Yemen's program become successful and sustainable in the long term.

## Results Framework

### **279-004 Broad-Based Economic Growth**

- 4.1 Increased Access to and Utilization of Maternal and Reproductive Services in Targeted Areas
- 4.2 Improved Quality and Increased Enrollment, Especially of Girls in Basic Education and Targeted Districts

### **279-005 Increased Use of Reproductive, Maternal and Child Health Services in Target Governorates**

- 5.1 Increased Access to Quality Health Services
- 5.2 Increased Knowledge and Healthy Behaviors at the Community Level
- 5.3 Improved Physical and Policy Environment for Health

### **279-006 Improved Basic Education, Especially for Women and Girls**

- 6.1 Enhanced Access to Quality Primary Education in the Public Sector
- 6.2 Increased Literacy and Numeracy Opportunities at the Community Level
- 6.3 Improved Public Sector Environment for Education

### **279-007 Increased Income Opportunities and Food Security in Selected Governorates**

- 7.1 Expanded Sustainable Production of Rural Economic Products for the Market and Home Consumption
- 7.2 Expanded Markets for Rural Economic Products
- 7.3 Improved Framework for Economic Growth

### **279-008 Expanded Democracy and Governance in Yemen**

- 8.1 Representative Institutions Strengthened
- 8.2 Opportunities for Increased Democracy and Governance Supported

**279-XXX Participatory Community Development**

**279-YYY Participatory Community Development**

**279-ZZZ Expanded Democracy and Governance**