

Yemen

The Development Challenge: Following 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 has also begun to decentralize resource allocation decisions and local management of social services, and define development goals. The ROYG has demonstrated a strong commitment to stabilization and reform through price and market liberalization, fiscal prudence, liberalization of foreign exchange and trade, and striving to cut foreign debt and increase foreign exchange reserves. However, increasing democracy and development have been threatened by the emergence of international terrorism in Yemen, such as the al-Qa'eda bombing of the USS Cole in October 2000; the attack on the M/V Limburg in October 2002; and the murder of three American NGO health workers in Jibla Hospital in December 2002. As a result, the USG's foreign policy interests in Yemen are to expand the USG and ROYG partnership against terrorism, to neutralize al-Qa'eda's ability to threaten US interests both inside and from Yemen, and to enhance regional security by building a close partnership between the US and Yemeni military.

To achieve these goals, USG development assistance will reinforce diplomatic, military, law enforcement, counter terrorism and intelligence cooperation. USG resources are especially needed in remote governorates where terrorists have received support and safe-haven from local tribal leaders who often do not recognize the authority of the ROYG. These remote areas are very poor and their populations suffer from some of the worst health and education indicators in the Middle East. Among the many challenges that Yemen faces are a low per capita GDP of \$465, a high population growth rate of 3.5%, an unemployment rate of 18%, a high infant and child mortality rate, a high maternal mortality rate of 1,400 per 100,000 births, and dwindling oil and water reserves. Furthermore, the country's land base suffers from overgrazing, deforestation, erosion, desertification, and soil salinization.

The USAID Program: USAID's overall goal in Yemen is to support USG foreign policy objectives in the war on terrorism by helping to develop a healthy and educated population with access to diverse economic opportunities. To gain support from tribal leaders for the ROYG decentralization, development, democracy and counter terrorism objectives, the USAID program will quickly create jobs, increase income, and improve health, education, and community empowerment. The program will focus on the five target governorates of Amran, Sa'ada, Al-Jawf, Marib and Shabwa, long known to be the main sources of, and havens for, domestic and international terrorists in Yemen.

USAID/Yemen programs will improve the delivery of tangible, practical support in basic sectors (health, education, agriculture) that touch the lives of the average Yemeni living in the target governorates. FY 2004 and FY 2005 ESF funds will be used to expand programs in basic education, health and agriculture previously described in the FY 2004 Congressional Budget Justification and in the September 2003 Congressional Notification for the FY 2003 ESF carry-over funds. Limited amounts of USAID funds will also be used to assist the ROYG to build the context for sustainable development through policy initiatives in the program sectors. USAID plans to amend the Yemen Interim Strategy 2003-2006 to include a new Special Objective in Democracy and Governance. USAID will notify Congress through established procedures prior to obligating funds for any revised efforts.

Other Program Elements: In addition to the resources requested in the Yemen data sheets, USAID's Office of Democracy and Governance manages programs to improve the electoral process, increase the capacity and the role of the parliament, local councils and political parties, strengthen the rule of law and bolster women's legal and political rights. These activities will be transferred to USAID/Yemen in FY 2004 after the USAID Strategy has been amended as mentioned above. The core of these activities has been funded by the Middle East Partnership Initiative (MEPI). MEPI also funds the USAID-managed Yemen Adult Life-skills Literacy Education (YALLE) Program, implemented by Care International in the target governorate of Amran and the Yemen Internet in the Schools Project.

Other Donors: USAID coordinates very closely with the donor community to assure that the impact of relatively scarce donor resources is maximized in response to the nearly overwhelming needs in Yemen. In terms of health, following the United States, the three largest bi-lateral donors in health for 2004 are Germany (\$3.74 million), the United Kingdom (\$3.74 million), and the Netherlands (\$2.24 million). The Netherlands, Germany and the World Bank have taken a strong lead in donor coordination, especially relating to donor support of Yemen's Health Sector Reform proposal. The Japanese continue to have a modest hardware orientated program. Four multilateral donors also have significant health programs in Yemen in 2004: World Bank (\$10 million); UNFPA (\$2.4 million); WHO (\$2 million); the European Union (\$6.23 million in 2004); and UNICEF (\$2.1 million). However, almost none of these donors work in the five remote governorates targeted by USAID.

In education, the two largest bi-lateral donors in education are the Netherlands (\$18.6 million) and Germany (\$9.2 million) in planned levels for 2004. The Japanese and the United Kingdom will begin modest programs in basic education in 2004. There are also three multilateral donors with significant basic education programs in Yemen in 2004: the World Bank (\$24.7 million), the World Food Program (\$6.3 million), and UNICEF (\$2.6 million). A range of donors (World Bank, Germany, IFAD, UNDP, FAO, Netherlands, Abu-Dhabi Fund, Islamic Bank) are providing approximately \$20 million per year in agriculture projects, but, none of this assistance reaches poor farmers (especially women) in the USAID five target governorates.

Yemen PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Development Assistance	0	2,000	0	0
Economic Support Fund	5,000	9,898	11,432	20,000
ESF - FY 02 Supplemental	3,000	0	0	0
PL 480 Title II	395	1,893	0	0
Total Program Funds	8,395	13,791	11,432	20,000

STRATEGIC OBJECTIVE SUMMARY				
279-004 Graduate Studies and Program Support				
ESF	5,000	0	700	700
ESF - FY 02 Supplemental	3,000	0	0	0
279-005 Reproductive, Maternal and Child Health Services				
ESF	0	4,000	5,140	7,380
279-006 Basic Education, Especially for Women and Girls				
DA	0	2,000	0	0
ESF	0	3,000	3,270	6,330
279-007 Income opportunities and food security				
ESF	0	2,498	1,642	3,410
279-ZZZ Strengthening of Democratic Political Institutions				
ESF	0	400	680	2,180

Acting Mission Director,
Douglas Heisler

Data Sheet

USAID Mission:	Yemen
Program Title:	Graduate Studies and Program Support
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	279-004
Proposed FY 2004 Obligation:	\$700,000 ESF
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$700,000 ESF
Year of Initial Obligation:	FY 2002
Year of Final Obligation:	FY 2006

Summary: Prior to the approval of the Yemen Interim Strategy for FY 2003-FY2006, the Yemen Basic Health and Education (YBHE) Program was the sole USAID non-presence program in Yemen. The program was implemented by the Adventist Relief and Development Agency (ADRA) International and funded with approximately \$5 million in FY 2001 and FY 2002 ESF. However, with the advent of the new Yemen Interim Strategy and its focus on health and education, this program has been re-oriented to fund a new Graduate Studies Program and program staff to support all USAID/Yemen's programs.

Inputs, Outputs, Activities:

FY 2004 Program:

Graduate Studies Program (\$500,000 ESF). This program will support qualified Yemenis to undertake graduate study in fields related to the USAID core program in health, basic education, and agriculture in institutions in either the United States or in accredited university programs in the Middle East region. USAID will try to identify qualified women and candidates from the USAID target governorates.

Program Management (\$200,000 ESF). USAID will allocate \$200,000 to cover program management costs for the entire Yemen portfolio.

FY 2005 Program:

Graduate Studies Program (\$500,000 ESF). This program will continue to support qualified Yemenis to undertake graduate study in fields related to the USAID core programs in either the United States or in accredited university programs in the Middle East region.

Program Management (\$200,000 ESF). USAID will continue to fund the contracts of staff hired in FY 2004 under this program.

Performance and Results: Since the activities under the Graduate Studies Program have not been funded yet, no results can be reported at this time. Under the YBHE Program, USAID supported the secure establishment of 68 local community groups and organizations in the governorate of Sa'ada and trained 65 women teachers and 50 midwives. Enrollment rates of girls in the target areas have increased up to 100% and health facility coverage for women has increased an average of 51.1%.

US Financing in Thousands of Dollars

Yemen

279-004 Graduate Studies and Program Support	ESF
Through September 30, 2002	
Obligations	1,995
Expenditures	0
Unliquidated	1,995
Fiscal Year 2003	
Obligations	5,990
Expenditures	995
Through September 30, 2003	
Obligations	7,985
Expenditures	995
Unliquidated	6,990
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2004 NOA	
Obligations	700
Total Planned Fiscal Year 2004	
Obligations	700
Proposed Fiscal Year 2005 NOA	
Obligations	700
Future Obligations	0
Est. Total Cost	9,385

Data Sheet

USAID Mission:	Yemen
Program Title:	Reproductive, Maternal and Child Health Services
Pillar:	Global Health
Strategic Objective:	279-005
Proposed FY 2004 Obligation:	\$5,140,000 ESF
Prior Year Unobligated:	\$4,000,000 ESF
Proposed FY 2005 Obligation:	\$7,380,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: The capacity of Yemen to fulfill its role as an ally in the war on terrorism is dependent upon its ability to deliver essential services. This is especially important in health care because Yemenis suffer from the worst health indicators in the region and in several cases, in the world. Life expectancy is 59.8 years; fertility is among the highest in the world at 7.6 births per woman; contraceptive prevalence rate for modern methods is 10 percent; infant and child mortality are very high at 76 and 107 per 1,000 respectively; one-third of all under-five deaths occur from vaccine-preventable diseases; and maternal mortality is virtually the highest in the world at 1,400 per 100,000 births. Unfortunately, primary health care reaches only 24 percent of the population in rural areas where most Yemenis live. Yemen has one of the highest population growth rates in the world (3.5%) and the population is projected to increase from 19 million in 2004 to 49 million by 2031. With nearly half of the population under 15 years of age, this population explosion will continue to have a negative impact on economic development for years to come.

The USAID program in the health sector is focused on increasing access to and use of reproductive, maternal and child health services in the five remote and underserved governorates that have produced and harbored terrorists- Amran, Shabwa, Al-Jawf, Saada, and Marib. The program has three categories: (1) increased access to quality health services; (2) increased knowledge and healthy behaviors at the community level; and, (3) improved physical and policy environment for health.

Inputs, Outputs, Activities:

FY 2004 Program:

Health services (\$5,140,000 ESF, \$4,000,000 ESF Prior Year Unobligated). To address Yemen's health care needs, funds will be used to improve the health system and increase the capacity of the Government of Yemen to plan for and deliver health services in rural areas. Illustrative activities will include strengthening health planning, management and financing at national and sub-national levels through training, National Health Accounts, health services assessment and health information systems; strengthening reproductive, maternal and child health (MCH) service delivery by renovating MCH centers and furnishing basic equipment, medicines and supplies, providing mobile clinics in underserved areas, providing quality in-service trainings at all levels of the health service delivery system including managers, community midwives, health service delivery personnel and supervisors; promoting healthy behaviors through community-based health education including materials for illiterate females; and environmental health activities such as improving access to potable water and hygiene practices. The principal contractors and grantees currently setting forth specific plans in this sector include the CATALYST Consortium and ABT Associates, Inc.

FY 2005 Program:

Health services (\$7,380,000 ESF). USAID/Yemen will continue to support health activities that began in FY 2004.

Performance and Results: Activities in Yemen have just begun in FY 2004, and targets are now being developed.

US Financing in Thousands of Dollars

Yemen

279-005 Reproductive, Maternal and Child Health Services	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	4,000
Planned Fiscal Year 2004 NOA	
Obligations	5,140
Total Planned Fiscal Year 2004	
Obligations	9,140
Proposed Fiscal Year 2005 NOA	
Obligations	7,380
Future Obligations	0
Est. Total Cost	16,520

Data Sheet

USAID Mission:	Yemen
Program Title:	Basic Education, Especially for Women and Girls
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	279-006
Proposed FY 2004 Obligation:	\$3,270,000 ESF
Prior Year Unobligated:	\$2,000,000 DA; \$3,000,000 ESF
Proposed FY 2005 Obligation:	\$6,330,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: The capacity of Yemen to fulfill its role as an ally in the war on terrorism is dependent upon its ability to decrease poverty and improve its overall economic performance. A key to that goal is improving education in Yemen, especially in the rural areas. Education attainment in Yemen is among the lowest in the world. About half of the primary-school age children are not in school. Only 45% of all rural primary age children are currently enrolled in formal schooling and only 30% of rural girls are in school. To some extent, the poor quality of primary education reflects the low qualification of teachers, especially in rural areas. Most of the teachers (60%) have only completed basic education, with one or perhaps two years of additional training. Primary education faces serious difficulties, including inadequate school buildings, shortage of teaching and learning materials, and weak community involvement and regional shortages of teachers, especially in rural areas.

The USAID program in the education sector is focused on improving basic education, especially for women and girls in the five remote and underserved governorates targeted by USAID. The program has three categories: (1) enhanced access to quality primary education in the public sector; (2) increased literacy and numeracy opportunities at the community level; and, (3) improved public sector environment for education.

Inputs, Outputs, Activities:

FY 2004 Program:

Education services (\$3,270,000 ESF, \$3,000,000 ESF and \$2,000,000 DA Prior Year Unobligated). In response to Yemen's education needs, FY 2004 ESF and prior year carry-over funds will focus on much needed improvements in education in schools and outreach to out-of-school children and illiterate adults. Specific programs are now being developed and will include increased capacity of the Ministry of Education to plan and meet the education needs at the local level, outreach to children and adults that have not had access to education, training for teachers and administrators, reconstructing and equipping schools, and increased community participation in education. Contractors and grantees working in this sector include Creative Associates and CARE International.

FY 2005 Program:

Education services (\$6,330,000 ESF). USAID will continue to support education activities that began in FY 2004.

Performance and Results: Activities in Yemen have just begun in FY 2004, and targets are now being developed.

US Financing in Thousands of Dollars

Yemen

279-006 Basic Education, Especially for Women and Girls	DA	ESF
Through September 30, 2002		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Fiscal Year 2003		
Obligations	0	0
Expenditures	0	0
Through September 30, 2003		
Obligations	0	0
Expenditures	0	0
Unliquidated	0	0
Prior Year Unobligated Funds		
Obligations	2,000	3,000
Planned Fiscal Year 2004 NOA		
Obligations	0	3,270
Total Planned Fiscal Year 2004		
Obligations	2,000	6,270
Proposed Fiscal Year 2005 NOA		
Obligations	0	6,330
Future Obligations	0	0
Est. Total Cost	2,000	12,600

Data Sheet

USAID Mission:	Yemen
Program Title:	Income Opportunities and Food Security
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	279-007
Proposed FY 2004 Obligation:	\$1,642,000 ESF
Prior Year Unobligated:	\$2,500,000 ESF
Proposed FY 2005 Obligation:	\$3,410,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: The capacity of Yemen to fulfill its role as an ally in the war on terrorism is dependent upon its ability to decrease poverty and improve its overall economic performance. According to a 1998 World Bank study, 18% of the Yemeni population lives in absolute poverty, and 42% of the population are incapable of meeting their food and non-food requirements. Most of Yemen's poor live in the countryside and rely to a large degree on imported food at subsidized prices, although the majority of the population is engaged in the agricultural sector.

The Yemen economy is heavily dependent upon oil exports and remittances from Yemenis working abroad, neither of which have great potential for growth. Over 90% of export revenue is derived from oil and oil products, which is likely to decline significantly over the next decade. Approximately 18% of the labor force is unemployed and productivity is low due to lack of appropriate skills.

The USAID program in this sector is focused on increasing income opportunities and food security in the five remote and underserved governorates of Amran, Shebwa, Al-Jawf, Saada, and Marib. The programs fall into three categories: (1) expanded sustainable production of rural economic products for the market and home consumption; (2) expanded markets for rural economic products; and, (3) improved framework for economic growth.

Inputs, Outputs, Activities:

FY 2004 Program:

Agriculture activities (\$1,012,000 ESF and \$1,439,000 ESF Prior Year Unobligated). USAID's agriculture activities will focus on much needed improvements in agricultural production income from the sale of agricultural products, and improved household nutrition. ESF funds will be complemented by USDA 416(b) and PL480 funds. The primary focus of the program will be to assist small farmers in remote areas to improve their ability to grow crops and raise animals to earn income and feed their families. A special effort will be made to assist women farmers. USAID will also assist Yemeni agricultural colleges to provide agricultural extension services to farmers and private sector businesses engaged in agriculture. Limited technical assistance will be provided to the Ministry of Agriculture at the national and local levels to increase their capacity to assist poor farmers. The principal contractors currently include Associates in Rural Development (ARD) and New Mexico State University.

Economic growth activities (\$630,000 ESF and \$1,061,000 ESF Prior Year Unobligated). USAID's economic growth activities will assist Yemen in its ability to identify new products and markets and expand access to regional and international trade. The principal contractor currently is Nathan Associates.

FY 2005 Program:

Agriculture activities (\$2,480,000 ESF). USAID/Yemen will continue to support agriculture activities described above.

Economic growth activities (\$930,000 ESF). USAID/Yemen will continue to support economic growth activities begun in FY 2004.

Performance and Results: Activities in Yemen have just begun in FY 2004, and targets are now being developed.

US Financing in Thousands of Dollars

Yemen

279-007 Income Opportunities and Food Security	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	2,500
Planned Fiscal Year 2004 NOA	
Obligations	1,642
Total Planned Fiscal Year 2004	
Obligations	4,142
Proposed Fiscal Year 2005 NOA	
Obligations	3,410
Future Obligations	0
Est. Total Cost	7,552

Data Sheet

USAID Mission:	Yemen
Program Title:	Strengthening of Democratic Political Institutions
Pillar:	Democracy, Conflict and Humanitarian Assistance
Strategic Objective:	279-ZZZ
Proposed FY 2004 Obligation:	\$680,000 ESF
Prior Year Unobligated:	\$398,000 ESF
Proposed FY 2005 Obligation:	\$2,180,000 ESF
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2006

Summary: Yemen's political ability to play its role as an ally in the war on terrorism is dependent on the integrity and public credibility of its democratization process. Yemen has made significant strides in the democracy and governance (DG) sectors, including the implementation of a democratic local governance structure starting in 2000; the emergence of an increasingly autonomous parliament and nascent multiparty system; and the holding of improved local and parliamentary elections in 2001 and 2003. However, in recent years there has been backsliding in Yemen's democratization that risks increasing existing cynicism within the political elite and among the broader public about the democratization process itself, and tarnishing governmental and even regime legitimacy, which is staked on claims of genuine democratization. However, the ROYG remains generally committed to continuing and even deepening DG reforms. Other governmental and non-governmental entities and groups have also played by the rules of the existing democratic game despite the executive and ruling party's continued dominance.

USAID's overall goal in Yemen is to support USG foreign policy objectives in the war on terrorism and socioeconomic development by strengthening Yemen's democratization process. A USAID Democracy and Governance assessment, with State/NEA/PI participation, was conducted in September-October 2003 in order to analyze, inform and prioritize areas for effective USAID and broader USG DG assistance in Yemen. As other USAID programs target five remote and underserved governorates that have harbored and/or produced terrorists, one component of the overall DG program will focus on activities strengthening local governments. These activities will also be directly tied to and positively impact local community development. Other key likely components will include national level programs to support parliament and political parties, as well as the electoral process and other efforts. Future DG programming will build directly on past, and in some cases ongoing, smaller-scale activities in Yemen.

USAID plans to fund these new activities in FY 2004 with (1) FY 2003 ESF carry-over funds; (2) FY 2004 NOA; and (3) FY 2004 Middle East Partnership (MEPI) funds. The new activities that will begin in FY 2004 will be continued with FY 2005 ESF and possibly with FY 2005 MEPI funds.

Inputs, Outputs, Activities:

FY 2004 Program:

Democracy and governance activities (\$680,000 ESF and \$398,000 ESF Prior Year Unobligated). USAID funds will be used to strengthen Yemeni political institutions to help them realize their representative, policy-making and legislative roles, as well as to support fairer democratic electoral processes. This approach will not only strengthen Yemen's reform process but also contribute to the state's legitimacy, political stability and ultimately make Yemen an even stronger USG partner. Illustrative activities in these areas include (1) continued and expanded training for local council members in their knowledge and execution of their roles under the Law on Local Administration of 2000; (2) strengthening parliamentarians in their deliberative, consultative and legislative roles vis-à-vis the executive in key policy-making areas of public concern for Yemenis (e.g. health, agriculture, education, water/environment); (3) enhancing the representative and outreach functions of political parties; and (4)

providing targeted technical assistance to contribute to freer and fairer elections. Women's empowerment, civil society, and media are envisioned as being integral, cross-cutting issues in these institutional arenas.

FY 2005 Program:

In FY 2005, USAID will allocate ESF \$ 2,180,000 to continue and develop the activities that begin in FY 2004.

Performance and Results: Smaller-scale, often discrete DG activities have been ongoing in Yemen since the 1990s under central mechanisms managed by USAID's DG Office of the Bureau for Democracy, Conflict and Humanitarian Assistance. These past activities have achieved results such as the enhanced organization and administration of democratic electoral processes. Specifically, training for political parties and their candidates, technical assistance to the Supreme Council for Elections and Referendum, and funding of election monitors contributed to improved conduct of all stakeholders in the parliamentary elections of April 2003. In more general terms, previous activities have also allowed current U.S. NGO implementers to forge strong and rather unique relationships and trust with the ROYG, many parliamentarians, political parties and key civil society NGOs. Previous results and implementer ties thus provide a strong foundation on which to construct future programming. The larger, more comprehensive and strategic DG program envisioned in Yemen is currently being developed, and will build on and incorporate recent/ongoing DG activities. Targets and activities will begin in FY 2004.

US Financing in Thousands of Dollars

Yemen

279-ZZZ Strengthening of Democratic Political Institutions	ESF
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	398
Planned Fiscal Year 2004 NOA	
Obligations	680
Total Planned Fiscal Year 2004	
Obligations	1,078
Proposed Fiscal Year 2005 NOA	
Obligations	2,180
Future Obligations	0
Est. Total Cost	3,258