

Multi Annual Strategic Plan

Sana'a - Yemen



MINISTERIE VAN BUITENLANDSE ZAKEN

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CONTENTS

1. Management summary	2
2. Retrospection - Lessons learnt about the MASP	2
3. Country analysis.....	4
4. Strategic positioning.....	8
4.1 Security and Rule of Law.....	10
4.2 Water	11
4.3 Sexual and Reproductive Health & Rights (SRHR)	12
4.4 Exit strategy	14
4.5 Risk analysis.....	14
5. Financial implications	15

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The Multi-Annual Strategic Plan (MASP) is a rolling document. The plan was presented by the embassy in October 2011 and approved by the Ministry of Foreign Affairs in December 2011. During the appraisal process, the focus of the strategy was enhanced and additional clarifications were received from the Embassy. These were incorporated in the final version. Due to the political turmoil and insecurity in Yemen and closed embassy, the plans presented in this MASP need to be further elaborated and operationalised when political and operational circumstances permit. This MASP is written under the assumption that the situation in Yemen will improve to the extent that it will be possible to have expatriate staff on the ground to carry out the development programme.

1. Management summary and decision points

In June 2010 a revised Multi-Annual Strategic Plan (MASP) 2010-2011 was approved. The main aim of the revision was to bring the bilateral efforts in line with changed political realities in Yemen. The changes in emphasis were intended to make modest contributions to stabilisation in Yemen, in line with the Dutch policy framework for the Gulf States. The Embassy of the Kingdom of the Netherlands (EKN) continued to focus on the Netherlands' perceived strengths, and the special position it had built up during its 31 years of development cooperation. This MASP will build on the chosen strategy in that revised MASP.

In one sentence, the proposed strategic goal for the MASP (2012-15) is *to contribute to human security and development (in particular for women) and to stronger state-society relationships as preconditions for long term stability*. For the Embassy, this approach implies:

- a. A continued politically informed overall strategy, reviewing EKN-supported programmes for their conflict sensitivity and contribution to inclusive state-society relationships;
- b. Concerted efforts towards a political dialogue (jointly with other donors) with GoY;
- c. Balancing support for system reforms within the sectors with direct support for human security and livelihoods;
- d. A strong focus on results for people, less on aid modalities as objectives in themselves. No programmatic support for central governance reforms for which there is no ownership;
- e. Broadened networks with non-state actors, and multiple channels of financial support

The EKN has decided to focus on the priority areas of security / rule of law, water and sexual and reproductive health & rights (SRHR). This document describes the longer term strategic focus of the bilateral programme of the EKN in Sana'a. At the short term there will be a focus on a mixed intervention strategy that includes humanitarian assistance, early recovery and development. In the present context it is not feasible to properly distinguish between these interventions.

2. Retrospection - Lessons learnt about the MASP

Both the first MASP (2005-2008) and the second MASP (2008-2011) for Yemen identified a range of political, social and economic constraints for effective development, including poverty, an unsustainable pattern of economic development, rampant population growth, rapid depletion of water, under-utilisation of human resources and the inferior position of women, to name just a few. Yet, both MASPs were built on optimistic forward looking assumptions. Linking up to mainstream Dutch development cooperation, they both put the sector wide approach and donor harmonisation and alignment centre stage. After some debate, it was decided in 2007 to treat Yemen as one of the partner countries with a focus on accelerated achievement of Millennium Development Goals (MDGs). Despite the underlying analysis that stability and security in Yemen were decreasing, the MASP 2008-2011 for Yemen had set out a 'classic' development cooperation programme for countries with a focus on accelerated MDG achievement: a combination of broad-based sector programmes and support to central governance reforms. The approach adopted - strengthening government institutions through alignment with national policies and systems - was ambitious from the start, considering suboptimal results in the previous MASP period.

The MASP 2008-2011 acknowledged Yemen's declining security situation. Its two overall strategic priorities at the national policy level were: (I) contribution to MDG achievement through the promotion of pro-poor and pro-gender policies, with increased participation of citizens in decisions affecting their lives; (II) enhanced State Building through strengthening of government institutions to reduce instability and increase accountability.

Although these objectives are still valid, the MASP's operational approach put a very strong emphasis on the government as the embassy's principal counterpart, and government policies and systems as our main entry points. In the absence of a commonly agreed definition of State Building, the concept was narrowed down to 'strengthening of government institutions'.

The Dutch development programme in Yemen has thus encountered the familiar pitfalls of the sector approach. Like in so many other countries, donor coordination and moving to more aligned aid modalities in the sectors has been a time-consuming process that absorbed the lion's share of the embassy's staff inputs. This has had some positive spin-off. A number of donors started pooling their resources around national policies, allowing for increased investment in infrastructure (schools, water schemes, health facilities). But this effort has crowded out attention for factors which undermine the sustainability of the results achieved. The MASP stated that "priority needs to be given to support mechanisms that help reduce sources of

instability in society and prevent and resolve conflict". But it did not explain how alignment with government systems would achieve this in the political context described above, especially when there are hardly efforts to support capacity development within and outside government agencies for inclusive political and stakeholder processes.

The 2009 European Union (EU) report on state building in Yemen has been helpful in providing a different 'lens' through which to look at our efforts. The new Organisation for Economic Development and Cooperation / Development Assistance Committee (OECD/DAC) Guidance for International support to State Building, too, describes state building as a deeply political, endogenous process to develop capacity, institutions and legitimacy of the state *driven by state-society relationships*. The document warns that, by focusing on only one dimension of state building (state capabilities for instance), "external and internal actors risk at best ineffective, at worst harmful outcomes".¹ But sector coordination groups typically do not include the political processes through which state and society are connected, and pay little attention to the ability of society to articulate demands and hold the state accountable. They are not very inclined to discuss how the political economy is affecting the sector. The tendency is more to work *around* such sensitive issues. When there is social or political conflict in certain regions, this results in slower progress or a discontinuation of services, not in devising strategies for tackling the issue head-on. The MASP 2008-2011 contains a warning that "sector progress within a slow overall reform process (and unreliable systems) requires continuous risk assessment and, to the extent possible, risk mitigation." Therefore, the impact of the supported interventions needs to be continuously monitored for results on the ground. But the sectors cope with a lack of reliable data. With the number of field visits decreasing sharply because of the security situation, this means that there is a risk of losing sight of the relevance and effectiveness of interventions.

The growing instability resulted in an adjusted strategy in 2010 to better meet realities in Yemen. A programme geared almost exclusively towards strengthening government institutions through alignment with national systems was no longer deemed suitable in the light of growing instability. Besides achieving the MDGs, a more politically informed overall strategy was developed, reviewing EKN-supported programs for their conflict sensitivity and contribution to inclusive state-society relationships. The political dialogue with the Government of Yemen (GoY), jointly with other donors, the EU and Friends of Yemen (FoY), became apparent in the strategy.

In the revised MASP 2010-2011, result areas were streamlined and re-grouped in five clusters; some ambitions were completely dropped. No detailed result chains were made for these five new clusters, because the timeframe was too short. Each cluster had a limited number of strategic result areas to which the EKN wanted to pay special attention. They were formulated as (embassy) outputs, to indicate the intended direction of change. A very important change of direction was to focus more on non-state actors rather than supporting governmental agencies. In all clusters, the EKN started to focus more on results for people and less on aid modalities, and broadened its networks with non-state actors. In July 2010, a workshop was held to help EKN staff and external partners looking at programmes through a conflict sensitivity lens. The clusters were monitored regularly through staff meetings and till early 2011 the implementation of the revised MASP was on track.

In March 2011 the expatriate policy officers were evacuated from Sana'a, which affected greatly the monitoring of the development cooperation activities and thus hampering the implementation of the revised strategic plan.

In April 2011 the Dutch government decided to suspend payments of development assistance made directly or indirectly to the Yemeni government. The insurgence and the subsequent closure of the embassy made clear that a flexible approach for projects and programmes is required in order to adapt to an increasingly instable situation. The demarcation between humanitarian assistance, early recovery and development is not easy to draw.

Without a doubt, the strongest asset of the embassy remains its long-standing reputation as a reliable partner without a hidden agenda. Together with Germany and the United Kingdom's Department for International Development (DfID), the Netherlands is seen as the donor with the best expertise in MDG-related development issues in Yemen. It also has a recognised track record in gender issues, and a fairly good (I)NGO network in Sana'a. Related strengths are a relatively strong in-country presence of development policy staff, good relations with line ministries at central level and easy access to the relevant line ministers. The embassy has a strong past experience in working at governorate level. It is - at least in theory- well-placed for a brokerage function, linking actors at different levels. This is aided by flexibility in funding, and quick decision making procedures.

¹ OECD. (2010). *Do No Harm: International Support for Statebuilding*. Paris: OECD.

3. Country analysis

Introduction

Yemen is a low-income country with a population of 24.3 million people and a Gross Domestic Product (GDP) of about \$1274 per capita per year. It belongs to the group of Least Developed Countries (LDCs), and is one of the poorest countries in the world in almost every aspect of human well-being. The UNDP 2010 Human Development Report ranks Yemen 133rd among 169 countries on its Human Development Index. It is the poorest country in the wider Middle East and it seems unlikely that Yemen will be able to meet any of the indicated UN Millennium Development Goals by 2015.

Society: a rapidly growing population, divided along gender lines

Demography

In the last three decades, Yemen has witnessed rapid population growth, reflected in the population increase from an estimated 12.8 million in 1990 to 18.3 million in 2000 and to 24.4 million in 2010. Yemen's population policies have recently made significant progress in improving the demographic characteristics and indicators; fertility rates have declined from 6.29 live births per woman in 2000 to 5.1 live births per woman in 2009; adolescent fertility rates and mortality rates have also declined. Annual population growth rate has remained stable around 2.9% for the period 2000-2009, which still stands as one of the highest in the world. In terms of demographic distribution, the population is characterised by a young age structure, where 43% of the population is below 15 years of age. The rapid population growth exacerbated by the young age structure has burdened demand for basic services such as education and health care, as well as increased pressures on the labour market, offering extremely meagre socio-economic prospects for young people. 50% of the youth is unemployed, while 200,000 young people enter the labour market yearly. This development is aggravated by the internal migration towards major cities resulting in an urban population growth of 7% yearly resulting in increasing poverty and unemployment rates. This became part of the explosive mix and the following outburst early 2011.

Gender

Social, political and economic life in Yemen is sharply divided along gender lines. The daily life of women and girls is determined by social and tribal conditions of gender segregation. Several interlocking factors combine to disempower women: an ideology of seclusion, early marriage, some (imported) radical religious ideologies, lack of control over fertility, high labour demands for rural women, low school enrolment, disadvantageous divorce laws and traditional inheritance rules. Illiteracy is far higher among women than men: a 2004 survey found that 69% of all women over ten years old are illiterate. There is growing advocacy for women rights and opportunities; there are increased numbers of women in public positions. Urbanisation and modernisation have been associated with girls' increasing access to education, and a slow increase in women's participation in the labour force.

While women have voting rights, their political voice is otherwise limited. Only one female member of parliament (MP) was elected at the last parliamentary elections. There is a widespread perception that conservative religious attitudes have strengthened, leading to greater emphasis on seclusion. Yemen is party to the Committee for Elimination of Discrimination Against Women (CEDAW) but scores last on the Global Gender Gap Index. Discrimination of women, early marriages, gender-based violence, high fertility and high maternal mortality are visible all over the country.

Human and social suffering

The 3rd Socio-Economic Development Plan for Poverty reduction (2006-2010) should be guiding the government's overall policy priorities and budget, but it is not. The number of Yemenis below the poverty line is on the rise and now estimated at 44% by the UN. Health services only reach half of the population and in conflict areas it is worse. Public expenditures on health are only about 2% of GDP. However, life expectancy rose from 52 to 62 years between 1990 and 2005. Illiteracy stands at over 50% (women 69%). In the past two years, a problem of severe food insecurity for many Yemenis and related nutrition problems have come to the fore. Yemen is highly dependent on food imports. With prices on the rise, many families cannot afford a proper daily meal. Food prices have consistently been rising since the beginning of 2011 and the situation is adding to an already critically food-insecure country. Food prices are higher in rural areas when compared to the prices in urban areas, most likely because of transportation costs, which have risen due to fuel scarcity. Prices of main food commodities such as wheat flour, sugar and rice have increased by 33%, 39% and 45% respectively since the beginning of the year. The inflation of bread prices, which have increased by 50% in a few months, could significantly affect the poorest families, as Yemenis spend 30 - 35% of their daily income on bread.

Human Rights

The Human Rights situation in Yemen is poor and clearly has deteriorated since February 2011. Extrajudicial killings, excessive use of force, arbitrary arrests, cases of torture, and muzzling of media were noted by the visiting mission of the Office of the Commissioner for Human Rights (OHCHR). According to Amnesty International, the Yemeni authorities are forgetting about human rights in the name of security.

Politics: weak governance, domestic conflicts, transition with unknown outcome

Institutional framework

Yemen is a presidential republic, with Ali Abdullah Saleh as president of the reunified Yemen since 1990, until then president of North Yemen since 1978. The Yemeni Constitution of 1991 gives universal suffrage to all citizens over 18, a system of regular elections, and freedom of expression and association. Although vote buying and highly unequal media coverage was noted by observers, the 2006 Presidential and Local Council elections were seen as an improvement and were declared "free and fair" by designated observers (amongst others the EU). The parliamentary elections of 2009 were postponed, because government and opposition agreed that the election legislation should be revised.

The largest bloc in parliament, controlling 80% of the seats, is formed by the *General People's Congress* (GPC). The formal opposition in parliaments is a diverse and loose coalition of six opposition parties (the JMP – *Joint Meeting Parties*), largest among them being Islah, an Islamist party with considerable grassroots support. A United States Agency for International Development (USAID) report found that a third of all MPs are fully or functionally illiterate². The country is divided into 21 governorates and 333 districts. The military is key to sustaining the regime. All key commanders within the military are relatives to president Saleh.

The informal system of governance

Power is heavily concentrated in a small ruling elite comprising of the President, a few close relatives, tribal leaders and key figures in the military and security services. This group depends for its support on a broader socio-political class comprising of the President's extended family, high ranking military officers, business leaders, key figures in cabinet and the upper house of parliament, trusted advisers, some powerful sheikhs and religious scholars. Traditional tribal structures interact closely with the modern state and provide a means to access political power. Most key figures in the government, the military and business also have a tribal affiliation. However, tribes constitute a social structure in their own right that provides a parallel system of organisation in some cases challenging the state. Tribes are essentially kin based, hierarchical networks organised at various levels including clans, sub-tribes, tribes and tribal federations. Shifting alliances and conflicts, as well as state interference, lend fluidity to these arrangements. Tribal relations are becoming more conflict prone as a result of growing resource scarcity, land disputes and the divide and rule practices employed by the state. Corruption is pervasive in Yemen, and occurs across most parts of government in several forms including bribery, nepotism, extortion and theft of public resources³.

Domestic political conflicts

The Houthi movement (in the North) demands more rights for the Zaydi Shi'a community (a religious minority in Yemen), and greater autonomy from the central government in Sana'a. GoY's attempts to counter the Houthi movement led to large numbers of casualties, IDP's, and a humanitarian crisis in northern Yemen.

The Yemeni unification in 1990 rapidly led to mistrust between the two parts of the country with very different population sizes, economies, and political systems. It caused a short but intense civil war in 1994 that ended with the defeat of Southern forces. Complaints about political and economic marginalisation continue to have a broad popular appeal in the South, and for a long time multiple groups in the South have called in a non-violent manner for equality with citizens in the North, greater local decision-making power and control of the South's economic resources.

Early 2009, Saudi and Yemeni branches of Al-Qaeda merged into "Al-Qaeda in the Arabian Peninsula", (AQAP), as a result of effective Saudi oppression of the local Al-Qaeda branch. AQAP was attracted by those regions in Yemen with the lowest level of central government control, for instance Abyan province in Southern Yemen.

The Arab transition in Yemen from February 2011 on

Based on longstanding grievances such as economic despair and anger about the failing government, and triggered by events elsewhere in the Arab world, Yemenis started to protest against the Saleh regime from February 2011 onwards. Large crowds of people took to the squares of the capital Sana'a and other cities,

² ARD (2004) Democracy and Governance Assessment of Yemen, Report for USAID

³ USAID (2006) Yemen Corruption Assessment

notably Taiz and Hodeidah. Violence against peaceful protesters led to a suspension of Dutch payments to GoY in April 2011. These human right violations were investigated and reported by OHCHR⁴ in August 2011. The Gulf Cooperation Council (GCC), UN, and bilateral partners are working on a political transition agreement with the Yemeni authority and the opposition. At the time of writing it is not clear if the major political players in Yemen will agree on the deal.

Civil Society

The concept of a flourishing civil society is considered a precondition for the success of democracy and civil society is seen as a key partner in human and economic development. Despite the large number of Civil Society Organisations (CSOs) in Yemen, the sector as a whole suffers from a range of weaknesses that limit its ability to advocate for reform and deliver social services.

Economy: meltdown, risk of humanitarian emergency

As a result of the ongoing crisis, food prices have risen with 50%, fuel with 230%, water in some areas with 500 % since February 2011. Currently IMF predicts economic growth in 2011 to be -5 % and inflation rising with 16 % (maybe even reaching 30%). Indicators point at a country being at the verge of a humanitarian crisis. Because Yemen's economy is largely cash-based the direct impact of the global financial crisis was limited.

Yemen's fiscal revenues depend heavily on the oil sector (for nearly 75% of income) and production forecasts indicate that the existing reserves will be depleted in a period of 8 to 10 years. As a result, Yemen shows an oil-dependent economy with falling revenues and a lack of short to medium term alternative sources of income. Yemen's first liquefied natural gas project, managed by Total, is promising but not expected to deliver revenues similar to oil. In 2010 Yemen embarked on an IMF programme to redress the trade balance and the state budget, but in 2011 The programme was suspended due to the political crisis. Yemen's external debts amount to about USD 6 billion, but it also has around USD 4.5 billion foreign exchange stock (enough to cover for 6-8 months of imports). Economists present in Sana'a have the impression that this stock did not evaporate during the first half of 2011 and may have reduced only marginally. Yemen's rank on the Doing Business list has dropped in 2010 a few places to 105 (out of 183 countries), which is still a lot better than most of the Least Developed Countries (LDCs) in Africa. The average Doing Business score masks the fact that Yemen does really badly on e.g. getting credit. Government raised public sector wages in May in an attempt to to appease demonstrators, thereby further burdening the public finances. Fiscal deficit in 2011 is expected to reach 9,8% of GDP⁵.

Yemen is predominantly a rural country and poverty is by and large a rural phenomenon: 73% of the population, and 84% of the poor, live in rural areas. Between 1998 and 2005, while the percentage of poor in urban areas declined by 11.5 percentage points (from 32.2 percent to 20.7 percent); rural poverty remained at approximately 40%. Even before the current crisis, poverty is estimated to have worsened since 2005. It is estimated that in the fall of 2011, half of the rural population lived below the poverty line.

Not much concerted effort has been undertaken to diversify the Yemeni economy. On the positive side, the Yemeni parliament has approved new laws for investments, tax reform, customs and land registration. Yemen's access to the World Trade Organisation (WTO) may promote further reforms in these areas. Private investments have been stable at low to moderate levels in the last years and mostly originate from Middle East countries. As soon as the current unrest abides recovery of investments is expected. Western companies are only interested in the capital-intensive oil-gas sectors. Furthering Yemen's economic integration within the Gulf region and globally will contribute to avoiding Yemen's isolation and destabilisation.

Water: over-exploitation

Over the last twenty years the use of groundwater has intensified tremendously, often feeding high value agriculture (qat, bananas, mangoes) which has led to an increase in groundwater irrigated agriculture from 37,000 ha in 1970 to 400,000 ha in 2005. The most quoted estimate – not necessarily the most accurate – is that groundwater is being pumped at a rate approximately four times that of natural recharge, a true 'groundwater boom'. This has brought prosperity to rural areas but is not sustainable. Water tables decreased worryingly in many of the highland areas, but also coastal plains suffer from overuse of groundwater. The boom of groundwater development which was supported by the government through subsidies on pumps and diesel may however reverse, as subsidies that were financed from government revenue from oil may also dry up.

⁴ Report of the High Commissioner on OHCHR's visit to Yemen, 13 September 2011

⁵ Economist Intelligence Unit, Country Report, August 2011

Currently, estimates suggest one-half to two-thirds of arable land in Yemen has been cultivated for qat, largely because farmers earn five times as much for qat as for other crops. Qat has become a cultural phenomenon in Yemen. Until 20 years ago, qat chewing was a weekend habit for the rich (mainly for men). Now, it is chewed several days a week by a large part of Yemen's population (including women and girls). Qat is so popular in Yemen that its cultivation consumes much of the country's agricultural resources. It is estimated that 40% of the country's water supply goes towards irrigating it, with production increasing by about 10% to 15% every year.

The water shortage is worsening yearly. This has led to the alarming depletion of groundwater in a number of basins, wiping out agricultural production and investments in some of these areas. The water resources will have to face yet another challenge which is the tremendous population growth. The water problem, and the subsequent immense challenge for the GoY, is mentioned by many scientific institutes, donors and NGOs; the GoY is quite ambivalent in their measures to stop the over-exploitation. Enforcement of the water law is far too minimal.

International context.

GCC

Yemen is a member of the United Nations, the Arab League, and the Organisation of Islamic Cooperation. The Persian Gulf crisis dramatically affected Yemen's foreign relations. As a member of the UN Security Council (UNSC) for 1990 and 1991, Yemen abstained on a number of UNSC resolutions concerning Iraq and Kuwait and voted against the "use of force resolution". Western and Persian Gulf Arab states reacted by curtailing or cancelling aid programmes and diplomatic contacts. At least 850,000 Yemeni migrant workers had to return from Saudi Arabia and the Persian Gulf.

Yemen aspires GCC membership, in order to attract more investors from the region and send out (again) more Yemeni migrant workers to neighbouring countries. The GCC however, chooses to remain a "King's Club". Yemen's wealthier and more powerful neighbours are increasingly concerned about the situation in their neighbouring country, and the (security) implications for themselves. In the wake of the Yemeni uprising since February 2011, the Gulf Cooperation Council (GCC), encouraged by the US and EU, has taken an active stance and launched the GCC plan for transition. Stability in the region is the GCC's core interest. The traditional strategy for this has been to deliver financial support both to the GoY and others (tribal groups). Recently shipments of crude oil were made available by KSA and UAE.

Refugees

Currently Yemen is accommodating over 200,000 refugees, a number that is increasing because of the food crisis in the Horn of Africa. International humanitarian aid provides much-needed relief. The majority of the refugees (approximately 95%) in Yemen are from Somalia while the remaining 5% are from Iraq, Ethiopia, Palestine, Eritrea, Sudan or Syria. Besides these refugees there are approximately 220,000 IDPs due to the clashes in the North, and some 90,000 IDPs in the South (mainly coming from Abyan).

Gulf of Aden / piracy

Yemen is overlooking the world's most heavily used sea lane, between the Indian Ocean and the Red Sea, plagued by pirates from Somalia. Two military operations (North Atlantic Treaty Organisation (NATO)-led "Ocean Shield" and EU-led "Atalanta") were initiated to protect commercial shipping. The Netherlands takes part in both operations. It is conceivable that pirates also use the Yemeni coastline for their activities, especially the island of Socotra, although not much evidence of this is available. Developments in Yemen are watched closely in the commercial and military shipping world. More instability and conflict in Yemen would leave the Gulf of Aden with two bordering countries in turmoil. Although it is unlikely that this would fully stop traffic in the Gulf, a soaring of insurance premiums could result in increased cost of transport between Europe (i.e. also Dutch ports) and the Far East.

US and EU

USAID is a major donor whose overarching strategic goal in Yemen is to increase Yemen's stability through targeted interventions in vulnerable areas. Their goals include improving the livelihoods of citizens in disadvantaged communities and improving governance capacities to mitigate drivers of instability. Overall, counterterrorism remains one of the US' key interests in Yemen.

The EU political dialogue with Yemen is getting more and more significant. The EU engages both with government and opposition. The EU member states present in Sana'a are practically united in their view of the situation.

Official Development Assistance (ODA)

The donor community in Yemen is relatively small. Current levels of ODA per capita in Yemen are substantially below the average of the rest of the low-income countries, and far below the average of the Sub-Saharan countries, both in per capita terms and as a percentage of GDP. In 2009 the level of ODA per capita was \$21.4. Most of the ODA to Yemen is conveyed in the form of individual projects or direct interventions by donors. Development assistance from Arab countries has played a major role in total ODA flows to Yemen; however the funding flow from Arab countries is not very transparent.

A very important economic resource is the remittance of expatriates; this forms 7.6% of the GDP.

Approximately 4.7% of the Yemeni population works abroad (with Saudi Arabia, the United Arab Emirates and the USA as the main destination countries).

Binding constraints for growth and poverty reduction

This country analysis lays out a huge number of problems Yemen is facing. The present (political) crisis surfaces and reinforces a number of inarticulate issues in the Yemeni society. The already weak state-society relationship was further affected. The strength of a state is determined by its ability to penetrate the society, regulate its societal relationship and extract resources and appropriate them in a determined way. The state in Yemen does not have these elements and its inability to control the society has been exposed very clear since January 2011. The power of the state in Yemen does not extend beyond the urban areas and it is hardly exercised in these areas. In the tribal areas, where tribes exist in multitudes, tribal rules and norms are implemented.

To provide solutions for these issues and their root causes, a long-term perspective is required. Major constraints are:

- Weak authority of the central government in rural and remote areas and weak civil society
- Rapid population growth
- Widening of gender gap
- Extraction of ground water exceeds the level of replenishment capacity
- A system of grand corruption
- One of the highest malnutrition rates in the world
- High illiteracy
- High unemployment among the younger generations
- Deteriorating security situation

Conclusion

Addressing the development needs of Yemen's population is clearly related to improving political and social stability. A higher level of satisfaction with services in their country and a clear (future) perspective in the lives of the young Yemeni population will decrease tendencies towards instability. Provision of (basic) services like water and (reproductive) health will also strengthen the trust of the population in the functioning of the state. Support to water (management) and sexual and reproductive health & rights (SRHR) is relevant not only for MDG achievement, but also to address some of the prominent underlying causes of instability in Yemen.

Based on the country analysis, the EKN's track record in the water and health sector, and the strategic direction described in the revised MASP 2010-2011, the EKN will focus on three priority areas as stipulated by the Dutch government: Security and Rule of Law, Water, and Sexual and Reproductive Health & Rights. Within all these three areas the cross cutting issues of gender and good governance will be taken into account. Although food security is of major relevance for Yemen it was concluded that the Dutch do not have the added experience in Yemen. The EU and United Nations International Children's Emergency Fund (UNICEF) are at present the main actors in nutrition and food security. By working in the abovementioned three priority areas EKN will make full use of its strengths: on the one hand there is continuity in the fields where the Dutch have clear added value and where we have proven to be effective (water and SRHR); on the other hand we will play a more political role through our involvement in Security/Rule of Law.

4. Strategic Positioning

Strategic goal

In this MASP, the EKN proposes a strategy that addresses all dimensions of the state-society relationship, putting the needs, rights and opportunities of the Yemeni people more upfront. Rather than 'strengthening government institutions' in order to facilitate the dissemination of donor funds, the challenge will be to facilitate the gradual negotiation of a contract between the state and society. This requires an engagement with a variety of state and non-state actors. Furthermore, while the MDGs remain a useful framework, the current situation in Yemen demands a stronger focus on basic *human security*, next to and as a prerequisite

for human development. The concept of human security relates to people's ability to "contain or avert threats to their lives, livelihoods and human dignity."⁶

In one sentence, the proposed overall strategic goal of the EKN is: *contributing to human security and development (in particular for women) and stronger state-society relationships as conditions for long-term stability*. To achieve this overall goal, an open and critical dialogue with government, opposition and non-state actors on domestic conflicts and human rights violations, is required. A development process inevitably involves political struggle for the redistribution of political and economic power. As made clear in the country analysis above, the GoY itself is key to end instability.

At a more practical level, the EKN has no comparative advantage in engaging with the military 'hardware' of security sector reform or counter-terrorism, vis-à-vis other countries already involved there. If our main strength and credibility lies in the development agenda and our preparedness to address human/women rights, it makes sense to stay involved in those.

The EKN will do this alongside the two other priority areas (water and SRHR), in a wider political dialogue and in the context of the Rule of Law. The MFA in The Hague and missions in other capitals can complement these efforts by aiming at issues such as arms trade or money laundering.

In the three priority areas the EKN will continue identifying measures for making the interventions yet more political and conflict sensitive, as well as innovative mechanisms to improve knowledge of the results at community level. This was already mentioned in the revised MASP but due to the present conflict the necessary changes in the approach (e.g. the geographic focus, modes of operation or types of capacity development) have not yet materialised.

Aid modalities and donor coordination

The EKN uses partially-aligned and non-aligned aid modalities. The EKN has made a lot of effort in donor coordination, harmonisation and alignment. However, the ambition of the EKN in the past to achieve more alignment with government systems met sustained resistance from other donors, and little enthusiasm from GoY itself. Because of the fiduciary risks, the Ministry of Planning and International Cooperation itself promotes the use of Project Implementation Units (PIUs) for donor supported programmes. In view of this lack of Yemeni ownership and the low track record scores for Yemen, this MASP has no aspiration to be involved in sector budget support.

The shift to state-society relationships also implies that, instead of focusing on strengthening government systems, the EKN needs to look for modalities that contribute to more inclusive processes in society. The EKN will hence no longer invest the lion's share of its efforts in the 'Paris agenda'. Instead, the focus will be on tangible results for people within the current programme modalities, or through innovative partnerships with other actors. The embassy will continue to emphasise the importance of key system reforms in the policy dialogue with GoY. Addressing of the underlying causes of low capacity (patronage, corruption etc), at the political level is vital. Strengthening the capacity of non-state actors will be an important focus within all activities/programmes.

Donor co-ordination remains important. The EKN will do its share of the combined effort to keep a joint vision and approach with all relevant donors.

The sectors remain relevant and 'workable' entry points, where the EKN has widely acknowledged added value. The embassy will increasingly focus its attention on the strategic issues identified in this MASP. To this end, the embassy will work more closely with development partners with expertise in areas such as conflict prevention, like the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and DFID. A conscious focus on the state-society relationship justifies a variety of funding channels. Mindful of the risks of funding numerous small activities, the EKN will maintain a manageable set of medium-sized activities in support to strategic partners with proven track records that are able to increase the number of activities, including in conflict sensitive areas.

The instable situation in Yemen is open ended and currently, no unequivocal scenario for the coming years can be foreseen. The EKN will continuously adapt its strategy to the changing situation on the ground and the intervention modalities at hand.

Monitoring results

For each of the three priority areas, a number of strategic results have been defined. A result chain will be developed once the situation on the ground and embassy staffing permit so.

⁶ Arab Human Development Report 2009: Challenges to Human Security in the Arab Countries, p. 2

4.1 Security and Rule of law

Trends and lessons 2008-11

The overall security situation in Yemen from 2008 to 2011 took a slow but steady path downwards, culminating in the crisis of 2011. The elections and election reforms were postponed. The decentralisation strategy was not operationalised. Much of Yemen's rural and remote areas are without effective formal, state-administered governance. Inter-tribal and state-tribal conflicts occur in many governorates, often over land and water. Thousands of people die every year in armed incidents. The formal judicial system is absent from many locations; only some 20% of all disputes is managed by the formal judicial system.

Increasingly, domestic political and security concerns took centre stage. The international community turned its attention more and more to curb the increasing instability, the threat of terrorism and humanitarian aid. The EKN also changed its course. Activities in the area of conflict prevention, deradicalisation, and media strengthening were started up. Before these activities could fully mature, the wave of the Arab transition reached Yemen in February 2011, leading to political instability and a rapidly deteriorating security situation. The Friends of Yemen (FoY)-process, in which the Netherlands invested considerably, was put on hold. Over the last year, the EKN worked along side GTZ and DfID who have experience and staffing in the field of Rule of Law. In the years to come, the EKN will continue to work jointly with other donors.

Goals

1. Increased security and stability for citizens
2. Legitimate government with adequate capacity
3. Delivery of peace dividend

Ad 1: Increased security and stability for citizens

Results

(short term)

- State-society relations are improved through conflict resolution; current phase of violence and political instability comes to an end via a political transition arrangement, co-sponsored by the international community.

(medium/long term)

- Justice system is better protecting the rights of citizens; access to justice, especially for women, is improved.
- Influence of cross-border crime and opportunities for AQAP to operate are reduced.

Illustrative interventions

(short-term)

- Put diplomatic pressure (in coordination with other international partners, but also bilateral) on Government of Yemen and armed groups to agree on a transition plan.
- Helping to create a dialogue between main political groups (GPC and JMP) and newly emerging political movements representing street protesters in capital Sana'a.
- Supporting UK and the Kingdom of Saudi Arabia (KSA) in reviving the International "Friends of Yemen (FoY)" process;
- Dialogue with Arab countries represented in Sana'a is enhanced.
- Support to Yemeni or international NGOs spreading counter radicalisation messages via trainings or using other channels (media, sports, tribal structures), continuation of ongoing work (for instance with NGO Search for Common Ground)

(medium/long term)

- Identification of options for bilateral support in the justice sector, requesting expertise from institutions including Centre for International Legal Cooperation (CILC), Van Vollenhoven Institute (VVI), and/or Clingendael. Preferably in cooperation with other international (FoY-) partners. Women's rights, especially access to justice for women, will receive special attention.
- Start capacity-building activities in (to be selected) Yemeni government agencies in an area with obvious Dutch expertise (options include identity fraud, and prevention of terrorist financing), in cooperation with Dutch counterparts.

Ad 2: Legitimate government with adequate capacity

Results

(short term)

- Elections that can be qualified as "acceptable" according to international standards take place.

- Fight against impunity and human rights abuses is taken up by GoY supported by international community.
(medium/long term)
- Citizens qualify the (local) government as legitimate, at least in some governorates in Yemen, or have a positive attitude toward some service delivering institutions within the central government.
- State-society relations are strengthened through an increased role of civil society as counterbalance, helping to hold government accountable also regarding the ongoing conflicts with the Houthi's (north), southern movement and AQAP, with a specific focus on the role of women in the conflict areas.

Illustrative interventions

(short term)

- Dialogue and project support to build capacity of civil society groups and human rights defenders. Focus on accountability, media, increasing public participation in and awareness of the electoral process, and strengthen the position of women in the process of political transition. For security reasons activities limited to Sana'a only.
- Support (diplomatic/possibly project support) to work by OHCHR in Yemen, in line with the OHCHR-report (August 2011) on Yemen, to investigate human rights abuses since February 2011, build capacity of the Yemeni government in the fields of conflict resolution and de-escalation.
- Participation in the Election Working Group (EWG) will be considered.

(medium/long term)

- Extend dialogue with civil society groups extended to Taiz and Aden, and/or other cities/governorates, depending on the security situation.
- Organisation of forums where representatives of the formal and informal justice sector meet and exchange information and knowledge (in cooperation with The Hague Institute for Internationalisation of Law)

Ad 3: Delivery of peace dividend

Results

(short term)

- Poor households benefit from social welfare and better rural infrastructure after restart of currently suspended Dutch contribution to the Social Fund for Development (SFD) Labour Intensive Works Programme.
- Yemeni citizens benefit from increased service delivery after currently suspended programmes in water and health sectors are restarted.
- Prices of food, water, and fuel go back to their normal level, and a humanitarian emergency is averted.

(medium/long term)

- Increased employment opportunities, including for youth and women.
- Dutch business support instruments are used more frequently, thereby stimulating commercial activity by both Dutch and Yemeni businesses, and creating employment in Yemen.
- Yemeni rankings in "Doing Business"-ranking improve.

Illustrative interventions

(short term)

- Pressure on political parties and other stakeholders to reach a transition agreement, see goal 1.

(medium/long term)

- New economic projects started up, similar to the ongoing Small Enterprise Development Programme, in the field of access to finance and business training for (women) entrepreneurs.
- Continuation of support for decentralised e-governance at the General Investment Authority (GIA).
- Promotion of opportunities for doing business in Yemen among Dutch enterprises.

4.2 Water

Trends and lessons 2008-11

The EKN has invested a lot of capacity in a joint programme for the whole water sector, integrating the four subsectors. The Water Sector Support Programme (WSSP) (with funding from GoY, World Bank (WB), Kreditanstalt für Wiederaufbau (KfW)/GTZ and NL) finally came about in December 2009. A positive result of this effort has been the establishment of coordination between the Ministry of Water & Environment and the Ministry of Agriculture & Irrigation. A lot of time went into coordination and cooperation. This crowded out attention for issues like equity of access, mechanisms for managing scarce water resources and dealing with conflict. Accountability within the water sector has been a growing concern over the last year.

The EKN will insist on sound division of labour among the three donors and demonstration of ownership by the relevant parties (from basin and community level up to the national government). While benefiting from the existing integrated framework as initiated by the three donors and the government, each donor has a comparative advantage in the sector it works in.

For the EKN this is integrated water resources management and rural water and sanitation. For this the GoY and the development partners will need to work jointly on integrated planning and monitoring systems which shed light on equity of access to water resources, ineffective use of water and illegal drilling practices. In the coming period attention will be paid to water scarcity and effective water management in one or two selected basins. Important is the added value of the Dutch knowledge on the approach on integrated watermanagement which responds to the need of the Yemeni water sector.

Integrated Water Resources Management (IWRM) is basically the government's mandate. But the knowledge and the use is the domain of the end user. In other words, implementation of IWRM implies the involvement of all relevant stakeholders, from government level towards the end-user. This involves all relevant levels at the national, governorate and district level, the basin, the civil society as well as the private sector.

So far EKN has carried out its water programme in Yemen through government-to-government aid. In this MASP, there will be a greater involvement of NGOs and the private sector. This change of policy was supported by the Yemeni Ministry of Planning and will lead to increased capacity to focus on MDG 7 (access to water and sanitation) and will allow the non-government sector to develop itself and play a larger role in the economic development of the country.

In this MASP, the EKN will focus on mechanisms for preventing and solving water related conflicts. This includes regulatory and legal capacity of governmental parties (like NWRA and Ministry of Justice), as well as community level conflict resolution. The EKN will engage with Arab donors with regards to Arab investment in big dams, which often have a negative impact on farmers' livelihood and on the ecology. Furthermore, water can play a role in efforts towards regional cooperation.

The overall impact of the EKN in Yemen for the priority theme water will be on improved watermanagement with sustainable use of ecosystems and on access access to water and sanitation (MDG 7) and on the functional relationship with the spearhead security and rule of law (e.g. reduce conflicts through enforcement of the water law).

Goals

1. Water resources. Water resources are managed in a sustainable manner to meet the country's socio-economic development of today and in the future.
2. Equitable use of water resources: Ensure that the poor have access to water, both for household and for agricultural purposes.
3. Capacity to implement and enforce the water law: Ensure improved regulatory and legal capacity and public awareness to use water in a sustainable manner.

Results

Once the EKN's dialogue with Yemeni administration on water affairs has resumed, The EKN will assist the authorities through dialogue and technical and financial support in implementing IWRM. The focus will be on

- integrated monitoring systems, and to pilot water scarce scenario's in one or two selected water basins;
- local mechanisms and community awareness on IWRM enhanced at national level;
- all water users are aware of the rules and regulations to manage and use the water. The water users work together with NWRA, consider of the water law as a guiding principle;
- the government has trained staff who are able to enforce and use the law wisely.

Technical capacity is rather poor or absent in the sub-sector drinking water and sanitation. This weakness applies to the levels of design, construction and maintenance. Due to the lack of knowledge, expertise and skills, design often does not meet the essential requirements. The technical quality of pipesystems does not meet appropriate technical quality standards nor does the quality of maintenance. The result is the vulnerability of the drinking water infrastructure and consequently the avoidable loss of substantial quantities of drinking water. Also with regard to the quality of drinking water, a lack of expertise in testing water quality contributes negatively to the effectiveness of drinking water provision. There is a need to promote and contribute to technical skills development, through enhanced technical training of technicians and laboratory assistants. This type of skills development and training will have to be explored and developed by the Water and Environmental Committee (WEC)in collaboration with local actors. The EKN intends to explore the needs and possibilities to contribute to the development of technical training at basic and secondary levels.

Illustrative interventions

- A dialogue that will ensure that all efforts by the EKN are jointly supported with measurable goals. Such dialogue would be held with the ministers, parliamentarians and policy makers;
- Assistance with development of management systems to have the relevant data available to implement IWRM effectively. This deals with innovative research based on newly developed IWRM techniques such as the use of satellite images; having proper baselines, and develop measurable indicators and selection criteria for equitable use of rural water; review the criteria for sanitation while acknowledging community practices for sanitation (MDG7);
- Focus on sustainability and the integration of issues pertaining to Climate Change into the IWRM development plans.
- Contribute to the rethinking 'from water control to water to economic development';
- Conflict sensitivity assessment of the water sector, resulting in recommendations and benchmarks;
- Sustained dialogue with GoY/agencies on the issues access, conflict, gender and social aspects at central and local level;
- Political dialogue with chain of actors (including parliament, judiciary, media and Arab donor) on IWRM and enforcement of law;
- Stepped up (political) dialogue on the need to strengthen the mandate and capacity of NWRA for water resources management and law enforcement;
- Identify opportunities for legal capacity building in chain of actors and target support given;
- Throughout programme design and implementation to identify the added value of the Dutch innovation, knowledge and expertise that respond to the Yemeni need in ways to improve IWRM.
- In order to enhance the effectiveness of the drinking water sector, assessment of the needs of technical expertise development at basic and secondary levels. Providing assistance to the development of relevant skills training in close collaboration with WEC and local actors.

The next period will focus on (i) improved and sustainable integrated water resources management, including equal distribution of water, and on (ii) access to the basic water and sanitation needs. Incorporated in the two components will be prevention and solving of water related conflicts. The cooperation with the government, through the Ministry of Water and Environment and the Ministry of Agriculture will be reviewed and the involvement of the non-governmental sector, NGO's and private sector will be strengthened. The programme will be designed so that the Yemeni water sector can benefit optimally from the Dutch innovation, knowledge and expertise. Moreover, the EKN will identify opportunities to promote alternative financing such as Ontwikkelingsrelevante Infrastructuurontwikkeling (ORIO), Private Sector Investment Programme (PSI), etc. The cooperation with the main water development partners, World Bank and GIZ/KfW through a water sector support programme will continue.

4.3 Sexual and Reproductive Health & Rights (SRHR)

Trends and lessons 2008-11

The devastating effects of population growth on living standards, financial and human capital creation, and natural capital are becoming broadly recognised worldwide. The draft Development Plan for Poverty Reduction (DPPR) 2011-2015 for Yemen explicitly highlighted population growth as one of the key development challenges in Yemen. Population growth touches on various aspects that relate to the country's progress. The population growth in Yemen is 3% per year which is very high compared to other countries. This means that a great deal of economic growth goes to satisfy the population increase affecting the GDP per capita and the improvement in the standards of living. Uncontrolled population growth is a major source of instability.

Maternal mortality also remains very high. The results of the partially aligned Maternal and Newborn Health (MNH) programme have been inadequate, especially with regard to Yemeni ownership, capacity development and systems strengthening. National spending on (reproductive) health remains very low and poorly strategised; public health sector staff is highly demotivated and corruption is rife. Some progress has been recorded in the employment of female staff and utilisation of quality midwifery. Because of the low overall performance both DfID and the EKN have decided to end their commitment and the aligned programme will come to an end in 2012. The support for activities beyond the aligned programme has yielded better results, but sustainability remains an issue in the wider context. The EKN's work with NGOs to strengthen their capacity for human rights and advocacy has generated much goodwill.

Goals

One purpose of the Yemen Fourth DPPR was to decrease the population growth in order to achieve a balance between the increasing population demands and the economic and social development potentials in Yemen. In the period 2012-2015, the EKN will prioritise family planning (as one of the most cost-effective development investments). In addition to decreasing the population growth, family planning can also prevent up to 40% of maternal deaths (which contributes to MDG5).

Results

Country outputs / outcomes

- Public awareness on sexual and reproductive rights and demography increased
- Increased utilisation of (reproductive) health and family planning services
- Minimum age of marriage raised to 17
- Unmet need of contraceptives from 51% (2005) to less than 10% (2015)
- 5% yearly increase of national running budget on Reproductive Health (RH) commodities
- Decrease of number of illiterate women and men

Embassy outputs / outcomes

- More capacity in NGOs and judiciary to address (sexual) violence against women

Illustrative interventions

- Access to services (reproductive health commodities) is an important aspect within the possible intervention strategy. Together with the main player in this field (United Nations Population Fund, UNFPA) it is important to develop a long term investment plan, in which donor funding will gradually decrease. On the short term support to contraceptive security can be given. Support to Marie Stopes International in Yemen will continue in order to guarantee access to reproductive health services.
- Awareness, access to information, education, and women empowerment are also among the intervention strategy. Literacy is an important pre-condition. The EKN aims, together with SFD, to contribute to the success of an innovative partnership resulting in improved levels of literacy.
- The EKN will strengthen cooperation with the Yemeni Association for Reproductive Health (the International Planned Parenthood Federation (IPPF) member association in Yemen). This organisation should gain its coordinating and stimulating role in Yemen.
- Islam does not discourage family planning. The Ministry of Endowment is in this field an important actor. The EKN will work together with development partners like UNFPA, GTZ and UNICEF (who already collaborate with this ministry) to further explore the ways to influence the people on the issue of population growth.
- Finally, EKN will continue supporting NGOs that are active in the fight against sexual and gender based violence. Our experiences in legal protection of women will be continued.

4.4 Exit strategy for the education programme

Since 2005 the Netherlands has contributed USD 24 million to the achievement of the MDGs 2 and 3 in Yemen through the GoY's programme to develop basic education (the Basic Education Development Programme / BEDP). This programme has been extended budget-neutrally in 2009, to be completed in 2012. The other donors involved in BEDP are DfID, the World Bank and KfW.

In addition, the GoY and donors (EKN, DfID, World Bank and KfW) committed in 2009 support to implement the national strategy for secondary education. The Netherlands committed a USD 14.8 million contribution to the Secondary Education and Girls Access Project (SEDGAP 2009-2014). However, due to continuous under spending the Netherlands reduced its commitment in 2010 to SEDGAP both financially and in duration: from USD 14.8 million to USD 7 million and to four years instead of six years (end of project by December 2012 instead of 2014). Moreover, DfID ended in March 2011, for internal reasons, its contribution to the education sector, which further downsized the budget for SEDGAP to 50% of the initial budget.

In line with the commitment of the Minister for International Cooperation, it is EKN's intention to phase-out support to basic and secondary education in Yemen carefully in the course of the new MASP 2012-2015. This will imply that the MoE will be granted a realistic time frame to complete BEDP and to resume implementation of SEDGAP. Such approach is justified by the delays in implementation in 2011 and the considerable reduction of contributions from the Netherlands and DfID. Donors and the GoY, as soon as the political situation allows resuming collaboration, will have to elaborate revised planning for BEDP and SEDGAP.

4.5 Risk analysis

- Fiduciary risks: based on lessons-learned during the previous MASP, the EKN will initiate only (very) small and closely monitored projects, preferably in cooperation with other international partners or by contracting an intermediary agency to manage funds, in the first phase after reopening of embassy. Programmes will only be extended or expanded with a particular organisation after a successful track record re. fiduciary risks has been established.
- Corruption risk: similar to fiduciary risks; Yemen ranks 146 (out of 178) countries in the Transparency International Perception of Corruption Index. EKN activities were already developed in such a way as to minimise corruption risks, for example by having a private management company overseeing the flow of funds.
- Political risk: depending on the outcome of the Yemeni transition process.

5. Financial implications

Financial ODA implications 2012-2015 in € (Policy area, budget-code, description)

2.5 Security, good governance and rule of law	15,614,000
4.2 Effectiveness policy on poverty reduction	200,000
4.3 Private sector development	1,500,000
5.1 Education and research	16,750,000
5.3 Equal rights and opportunities for women	2,669,000
5.4 Sexual and reproductive healthcare and rights & HIV/aids	23,295,000
6.2 Integrated water management, water and sanitation	23,852,000
total budget 2012-2015	83,880,000