



Republic of Yemen

Ministry of Planning & International Cooperation

The Socio-Economic Development Plan for Poverty Reduction (2006-2010)



Non-Edited Copy

October 2006

Abbreviations

AHDR	Arab Human Development Report
APFPF	Agricultural Production and Fisheries Promotion Fund
ASYCUDA	Automated System for Customs Data
CBY	Central Bank of Yemen
CEDAW	Convention on the Elimination of Discrimination Against Women
CoCA	Central Organization for Control and Audit
CSO's	civil society organisations
DMFAS	Debt Management and Financial Accounting System
DPPR	The Third Socio-Economic Development Plan for Poverty Reduction
EFARP	Financial and Administrative Reform Programme
GCC	Gulf Cooperation Council
GoY	Government of Yemen
ICT	information and communications technology
IMF	International Monetary Fund
IU	Information Unit
LDC	Least Developed Country
MDG's	Millennium Development Goals
MoCS	Ministry of Civil Service
MoF	Ministry of Finance
MoHR	Ministry of Human Rights
MoLA	Ministry of Legal Affairs
MoLAd	Ministry of Local Administration
MoPIC	Ministry of Planning and International Cooperation
NIN	National Information Network
NIS	National Information System
NPDSPH	National Program for Development of Society and Productive Households
PFM	Public Finance Management
PRS	Poverty Reduction Strategy
PWP	Public Works Project
SEDF	Small Enterprise Development Fund
SFD	Social Fund for Development
SME's	small and micro enterprises
SSN	Social Safety Net
SFYP	Second Five-Year Plan
SWF	Social Welfare Fund
WB	World Bank
WTO	World Trade Organisation
YR	Yemeni Rial
YSV	Yemen's Strategic Vision 2025

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Chapter 1: Introduction

The Third Socio-Economic Development Plan for Poverty Reduction (DPPR, 2006-2010) is the second in a series of national plans designed to fulfil Yemen's Strategic Vision 2025 (YSV), which aims to raise the country's international ranking from a 'least developed country' to one of 'medium human development'. The Second Five-Year Plan (SFYP) served as the launch pad for realising this national vision. It also provided a general framework for the national Poverty Reduction Strategy (PRS) for 2003-2005, as poverty reduction became the central theme for cooperation and partnership with the international community. The SFYP and the PRS included a group of goals and objectives to achieve economic growth, alleviate poverty, and create more job opportunities through diversification and strategic investments in promising sectors while ensuring political and social stability. What follows is a summary of results achieved under the SFYP.

Internal and external security challenges linked mainly to international wars against 'terrorism' presented significant obstacles to economic growth, which in turn hampered resource allocation for planned reforms during the period of the Second Plan. Thus, the results were mixed, and various sectors and planned reforms performed below expectations.

Macroeconomic Indicators (2000-2005)

While economic growth results were mixed, positive reductions in population growth and poverty rates were recorded. An average real GDP growth of 4.1% combined with a drop in population growth rates from 3.50% to 3.02% during 2000-2005 improved the standard of living. Estimates of poverty indicators show the decline of general poverty from 39.4% in 2000 to 35.5% in 2005 with a decline rate of 9.9%. However, rural-urban disparities have widened over the same period:

Table 1.1: Poverty Indicators, 1998-2005

		1998	2000	2005	Variation rate for 1998-2005	Variation rate for 2000-2005
General poverty	Urban	30.8	25.3	18.7	-39.3	-26.1
	Rural	45.0	43.6	40.6	-9.8	-6.9
	Total	41.8	39.4	35.5	-15.1	-9.9
Poverty gap	Urban	8.2	6.4	4.5	-45.1	-29.7
	Rural	14.7	14.3	13.3	-9.5	-7.0
	Total	13.2	12.5	11.3	-14.4	-9.6
Severity of poverty	Urban	3.2	2.4	1.6	-50.0	-33.3
	Rural	6.7	6.4	6.0	-10.4	-6.3
	Total	5.8	5.5	5.0	-13.8	-9.1

Moreover, investments in promising sectors declined. The aforementioned average real GDP growth rate of 4.1% was 27% below the original 5.6% annual growth target. The average growth rate for non-oil GDP reached 5.3%, also 2.7 points short of the target. Poor economic growth and continued

imbalances characterised the structure of the GDP and reduced the potential for job creation. Hence, unemployment rose from 12% in 2000 to 16.8% in 2005, compared to the targeted rate of 9.5%.

Table 1.2: Real GDP Growth (2000-2005)

Description	% from GDP			Average growth %	
	Achieved in 2000	Preliminary estimate 2005	Targeted 2005	Preliminary estimate	Targeted
Agriculture, forestry and (animal) venery	20.4	19.2	14.5	2.9	6.1
Hunting	0.5	1.1	1.6	22.2	13.1
Manufacturing industries (without oil refining)	9.2	9.5	6	4.8	10
Oil-Refining industry	0.4	0.3	2.8	2.6	7.5
Mining (Extraction) industries (without oil)	0.5	0.6	0.1	6.1	10
Water, electricity, and gas	1.2	1.4	0.8	7.6	9.2
Building and construction	2	2.2	5.5	5.8	11
Total of goods sectors	34.3	34.4	31.3	4.2	8.1
Wholesale and retail trade	6.2	7.5	8.4	8.3	9
Restaurants and hotels	0.9	0.8	0.9	0.9	10.7
Repair and maintenance	0.9	0.9	0.9	4.3	8.3
Transport, storage, and communications	11.4	13.6	12.2	7.9	9.1
Financing and insurance	4.9	3.5	3.8	-3	12
Real estate and business services	5	5.6	5.5	6.3	8
Personal and social services	1.1	2.1	0.9	18.7	6.5
Total of service sectors	30.5	33.9	32.5	6.4	9.1
Grand total of production sectors	64.8	68.3	63.9	5.3	8.6
Government services producers	20.5	20.4	10.4	4.1	4.7
Family sector	0.1	0.1	-	1	-
Not-for-profit bodies/organisations	0.2	0.3	0.1	9.3	5
Customs duties	1.8	1.2	1.9	-3.7	3.7
Less - imputed bank services charges	-4.4	-2.8	1.9	-4.8	3.1
Non-oil (sectors) GDP	83	87.6	74.3	5.3	8
Crude oil extraction GDP	17	12.4	25.7	-2.2	0
GDP at market price	100	100	100	4.1	5.6

The oil sector's contribution to real GDP declined to 12.4% in 2005 compared to 17% in 2000 due to a 2.7% average decline in annual crude oil production. The added value from crude oil extraction marked a slight average decline of 2.2%. New excavations and an unexpected, sharp increase in world oil prices from US\$27.4 in 2000 to about US\$51.5 per barrel in 2005 raised oil export revenues.

Non-oil sectors achieved an average growth of 5.3% during the period against an original target of 8 percent. The average growth of goods and services sectors reached 4.2% and 6.4% respectively compared to targets of 8.1% and 9.1 percent. The fishing sector saw the highest growth rate at 22.2%, and more than doubled its contribution to the GDP to 1.1% in 2005 compared to 0.5% in 2000 chiefly due to increased public expenditure as well as local and foreign investment in the sector. Other goods sectors failed to reach their targets. The average growth rates for agriculture, forestry and the hunting sectors combined was 3.6% versus the targeted 6.1 percent. However, the goods sector maintained its contribution level to the GDP in the order of 20.5% over the period. Manufacturing industries, originally seen as engines for economic restructuring, grew at an average rate of 4.8% compared to the targeted 10 percent. Average annual growth in the water, gas and electricity utility sectors reached 7.6%, falling short of the targeted 9.2 percent. Similarly, the building and construction sector failed to reach its 11% target, averaging at 5.8 percent.

Three out of the seven service sectors managed to approach their growth targets: wholesale and retail trade; transport, storage and communications and; real estate and business services reached growth averages of 8.3%, 7.9%, and 6.3% respectively, compared to the targeted rates of 9%, 9.1%, and 8 percent. The growth in the transport and storage sector was mainly attributed to the active commerce in Yemeni ports despite security challenges. Achieving the second highest growth average estimated at 18.7%, the personal and social services sector exceeded the targeted growth average of 6.5% - thus increasing its contribution to the GDP from 1.1% in 2000 to 2.1% in 2005. Other growth averages achieved in the remaining services sectors fell far short of their targets. However, the government service producers/providers sector remained stable. Finally, the average growth in customs duties dropped to -3.7% compared with a targeted 3.7%, leading to the decline of its relative significance to the GDP – declining from 1.8% to 1.2% over the period.

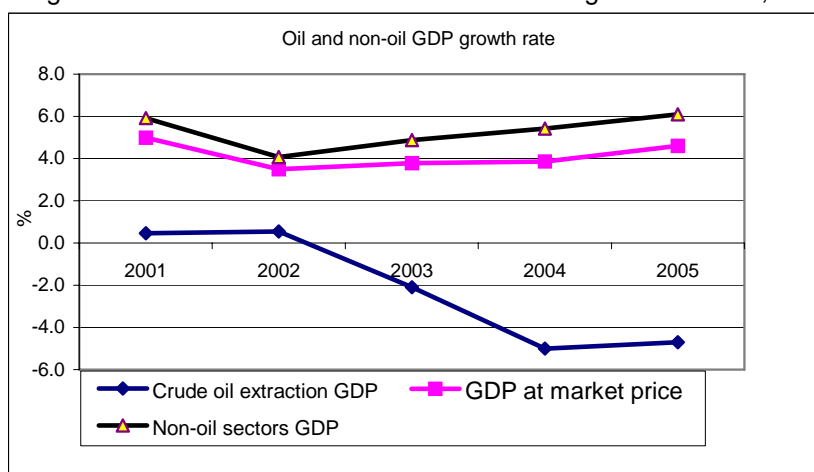


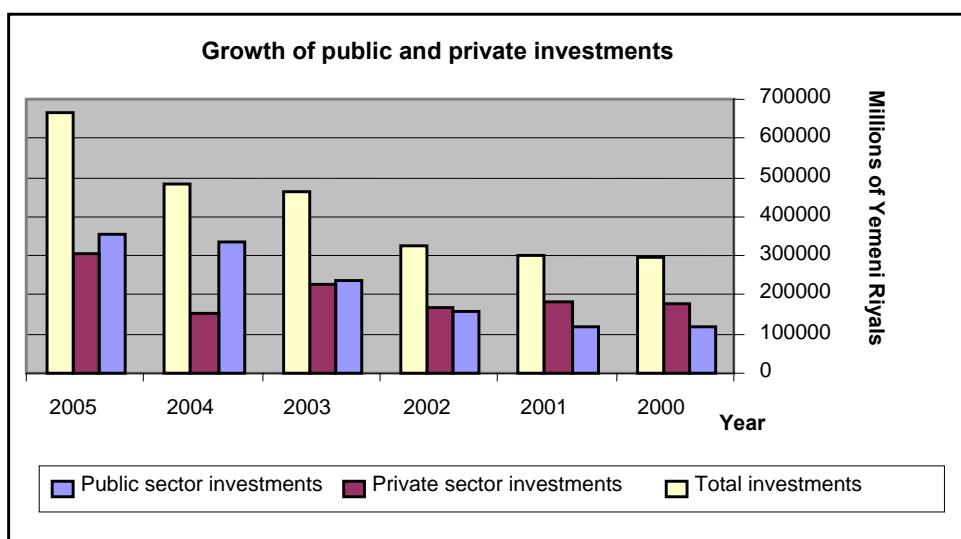
Table 1.3: Revenue & Investment Structure of GDP (2000-2005)

	Growth Average		Share of GDP (%)		
	Preliminary estimate	Targeted	Achieved 2000	Preliminary estimate 2005	Targeted 2005
GDP	14.2	10.6	100.0	100.0	100.0
Revenues from goods and services	14.5	7.0	34.1	34.5	35.1
Total revenues	14.3	9.6	134.1	134.5	135.1
Overall final consumption	15.6	10.8	73.9	78.6	72.4
Final public consumption	11.6	12.0	13.6	12.1	15.0
Final private consumption	16.5	10.5	60.3	66.5	57.5
Total investment	17.6	19.9	18.9	21.9	28.6
Gross fixed capital formation	19.2	19.9	17.1	21.2	27.2
Change in inventory	-5.8	20.0	1.8	0.7	1.4
Exports of commodities and services	9.8	2.2	41.3	34.0	34.0

Total investments and revenues grew at 17.6% and 14.3% a year on average, respectively. Overall final consumption grew on average by 15.6% during the period, increasing its share of the GDP to 78.6% in 2005 compared to 73.9% in 2000. In spite of this average, real growth can be estimated at only 3.8% during the same period. Investment growth resulted mainly from increased public investment expenditure, which reached an average of 25%, exceeding the planned rate of 18%. Conversely, local and foreign private sector investments grew at an average of 11.5% per year during the period - much less than the targeted 23.5%.

Imports of commodities and services increased considerably to reach an average of 14.5% during the period - more than twice the 7% target rate. This trend reflected increased local demand that could not be met through local capacities thus contributing to the pressure on both the balance of payments and foreign currencies in the local market. On average, 28.3% of total imports were food items, indicating their reduced share as compared to that of manufactured goods, machines and transportation equipment.

Growth rates for commodities and services exports were uneven, averaging at 9.8% compared to the 2.2% target, primarily caused by fluctuations in oil prices and associated export earnings. The commodities and services balance remained positive during 2000-2005 with a 103.9% average surplus. Non-oil exports grew at 11.6% annually, whereas their relative share of total commodity exports declined from 14.5% in 2000 to 9.1% in 2005. The exposure rate of foreign trade to the GDP ranged between 75.5% in 2000 and 68.5% in 2005. National savings grew at only 2.3% a year, reducing their share of the GDP from 26.5% in 2000 to 18.4% in 2005, thus widening the resource gap.



Savings were 30% less than total investments in 2005 whilst they had outmatched investments by 38.1% in 2000.

Macroeconomic Policies

The macroeconomic policies and goals of the SFYP and the PRS were focused on maintaining economic stability, controlling inflation, and achieving balanced accounts, as well as addressing economic recession, unemployment and poverty as main priorities over 2000-2005. Public expenditures grew 18.9% a year, whereas public revenues increased at 14% per annum, transforming a 'Government budget/GDP' surplus of 6.1% in 2000 into a 2.3% deficit by 2005. The deficit, however, remained within safe limits due to a combination of prudent fiscal measures and increased oil export revenues.

Table 1.4: Public Budget, 2000-2005 (Millions of YR)

Description	Actual 2000	2005		Average growth %	
		Targeted	Actual Preliminary	Targeted	Actual Preliminary
Total oil and gas revenues	430,279	378,835	842,156	3.2-	14.4
Direct taxes	43,241	109,550	95,676	20.0	17.2
Indirect taxes	67,749	128,450	120,059	17.0	12.1
Other current revenues	42,129	82,860	47,341	18.0	2.4
Total current revenues	583,398	699,695	1,105,232	3.7	13.6
Total capital revenues	16,504	110,000	49,866	-	24.8
Gross total of revenues	599,902	809,695	1,155,098	6.7	14.0
Salaries and wages and the like	141,397	238,560	280,936	11.0	14.7
Expenditure on commodities and services	46,647	71,770	93,289	9.0	14.9
Maintenance expenditures	9,756	18,030	15,497	13.0	9.7
Current transfers	141,594	272,600	384,931	14.0	22.1
Interest payments	34,601	45,540	70,723	5.0	15.4
Other current expenditures	7,918	12,820	18,554	10.0	18.6
Total current expenditures	381,913	659,320	863,930	11.3	17.7
Capital and investment expenditures	90,821	170,120	256,017	18.0	23.0
Total public expenditures	502,440	864,440	1,195,190	12.1	18.9
Total surplus/deficit	97,462	-54,745	-69694	-	-
Surplus or deficit-to-GDP ratio (%)	6.1	-2.4	-2.3	-	-

During 2001-2005, YR219 billion treasury bills contributed to financing the budget deficit. The bills were used to absorb the money surplus, reduce inflation, and minimise foreign currency speculation in the local market. The actual value of the treasury bills rose by 27% a year, which weakened economic growth and hampered restructuring and diversification of the economy.

Table 1.5: Treasury Bill Issues, 2000-2005 (Millions of YR)

Items	Actual	Actual	% of total local public debt	
	2000	2005	2000	2005
Treasury Bills (Purchase value)	109,555	328,546	62.8	83.5
Banking sector	49,551	112,726	28.4	28.6
Non-banking sector	60,004	215,820	34.4	54.8
Sold bonds	0	0	0	0
Bills buy-back	65,000	65,000	37.2	16.5
Banking sector	40,806	65,000	23.4	16.3
Non-banking sector	24,194	0	13.9	0.2
Total public local debt	174,555	393,546	100.0	100.0
Government deposits at the Central Bank	-79,708	-216048	-45.7	-54.9
Local public debt (net)	94,847	177,498	54.3	45.1

Furthermore, pension fund surpluses and increased banking sector deposits were rendered inaccessible for private investment project financing, especially as the

private sector had purchased a modest share of treasury bills (3.3%) in comparison to 50.6% for the pension funds and 34.6% for commercial banks. Moreover, the treasury bills created an additional burden on the budget due to the interest on local/internal public debt with an annual average local debt payment of YR36.3 billion during the period.

Total public revenues grew by 14.0% per annum on average, which significantly exceeded their growth target of 6.7%, and constituted 33.3% of the GDP (2000-2005). The increase can be attributed to higher oil revenues, especially in exports that rose by an average of 16.1% over the period. Non-oil

revenues failed to reach their targets, particularly in relation to tax revenues. Unlike indirect tax revenues, which achieved a medium growth of 12.1%, other current revenues achieved modest growth of 2.4% compared to the targeted 17%. On balance, tax revenues maintained their ratio to GDP on the order of 7.1%, which fell short of the targeted 9.9%. Similarly, customs revenues peaked at 2% of GDP with an average annual growth rate of 11.7 percent. Other capital and loan revenues were patchy and mirrored foreign aid volume fluctuations, ranging between YR5.1 billion in 2000 and YR18.7 billion in 2004. Modest growth in non-oil public revenues can be attributed to delays in implementing structural and institutional financial reforms including the General Sales Tax Law, though the government implemented a package of procedures in July 2005 to correct the budget imbalances.

Table 1.6: Structure of the State Public Revenues, 2000-2005 (% of GDP)

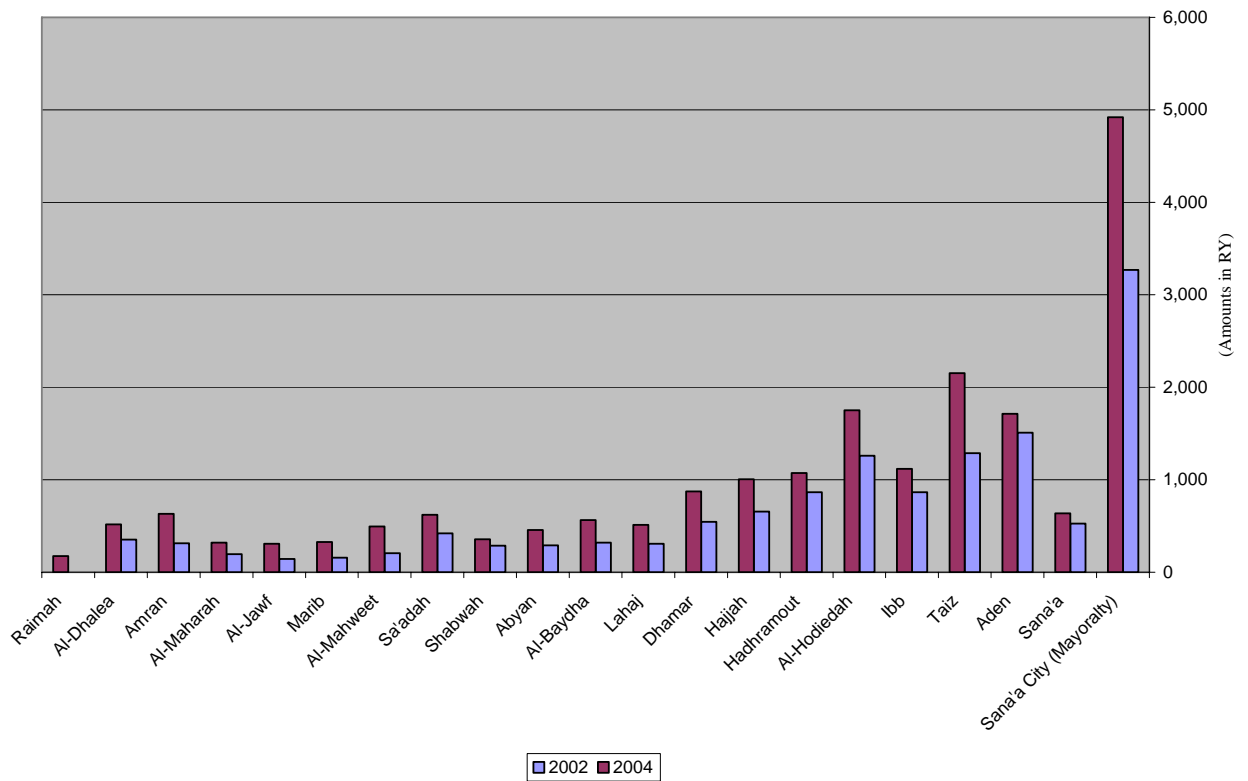
Description	2000	2005		Average annual growth %	
		Actual Preliminary	Targeted	Actual Preliminary	Targeted
Total revenues and grants	37.7	36.5	35.4	13.5	-
Total self-revenues	37.4	36.5	29.2	13.7	6.3
Total current revenues	37.4	36.4	29.2	13.6	3.7
Oil and gas revenues	24.1	27.8	15.8	17.5	3.2
Exported oil	15.3	16.6	-	16.1	-
Oil for local consumption	8.6	10.9	-	20.0	-
Gas revenues	0.3	0.3	-	13.9	-
Tax revenues	7.1	7.1	9.9	14.2	18.3
Direct taxes	2.8	3.2	4.6	17.2	20.0
Indirect taxes	4.3	4	5.4	12.1	17.0
Customs revenues	1.9	1.7	-	11.7	-
Other current revenues	6.2	1.6	3.5	-13.3	18.0
Capital revenues	0.0	0.1	-	65.4	-
Proceeds of principal loans and equity sales	0.0	0	-	-39.0	-
Foreign grants	0.3	0	-	-100.0	-
Foreign borrowing	0.7	1.6	4.6	33.5	-
Total public revenues	38.4	38.1	33.7	14.0	6.7

Public revenue generation at the level of Local Authorities reached 115.5% of planned targets in 2004. Percentages varied according to revenues sources as follows:

- 100% for central subsidy/support
- 117.8% for own local resources
- 100.6% for joint resources

As for joint public resources, the percentage grew to reach 206.5% of total planned resources, which reflects improvements in resource collection processes. Local resources made up 34% of total collected resources for 2004 and 32% for joint resources, whereas public joint resources constituted only 16%, and central support 17%. Collection of resources grew depending on their sources compared to the annual planning for each year of the SFYP.

Resources Collected 2002-2004



Improvements in resource collection at the local level can be attributed to the following:

- Increased awareness among the local councils and their executive bodies regarding the importance of levying and collecting financial resources for these authorities as stipulated by the Law on Local Authorities
- Introduction and activation of revenue sources at the local level
- Transfers to local authorities from special funds, particularly the Adolescents and Youth Fund which transferred 30% of its resources for 2003 and 2004 after failing to deliver its share in 2002
- Increased *Zakat* (alms giving) obligations/dues
- The addition of a new resource to the public joint resources, namely the passport fees

In spite of notable overall improvements in the collection of resources, performance was uneven across the various governorates. This disparity can be attributed to a poor resource base in some governorates with small markets and a dearth of natural resources (e.g., Al-Maharah, Shabwah and Sa'adah). Moreover, some funding entities failed to provide local authorities and/or special funds with the agreed resources for the implementation of local projects, which led to poor implementation performance, for example by the Road Maintenance Fund. In addition, some local authorities lacked the capacity to deliver well-designed plans or to manage local budgets and revenue collection in accordance with the Law on Local Authorities. Lack of incentives for those in charge of the process of collection of resources has also been cited as a reason for lower than expected performance in some regions.

Table 1.7: Budgeted/planned and Collected Resources of all Governorates, 2002-2005 (Millions of YR)

Governorate	2002 Resources			2004 Resources			2005
	Budgeted	Collected	Performance against targets (%)	Budgeted Resources	Collected Resources	Performance against targets (%)	Budgeted Resources
Sana'a City	3,028.4	3,269	108.0	4,116	4,921	120	7,248
Sana'a	514.7	526	102.2	846	637	75	801
Aden	1,962.8	1,508	76.8	1,576	1,712	109	2,120
Taiz	1,502.9	1,288	85.7	1,559	2,153	138	1,750
Hadhramout	984.0	866	88.0	919	1,072	117	1,528
Al-Hodiedah	1,307.9	1,259	96.3	1,446	1,750	121	1,607
Lahaj	309.9	306	98.7	402	510	127	613
Ibb	1,063.6	865	81.3	1,247	1,117	90	1,393
Abyan	346.9	289	83.3	394	457	116	470
Hajjah	845.9	657	77.7	957	1,004	105	1,113
Dhamar	748.0	543	72.6	744	872	117	1,002
Shabwah	345.8	286	82.7	321	356	111	373
Al-Maharah	242.5	194	80.0	266	320	120	473
Sa'adah	653.7	419	64.1	642	620	97	853
Al-Baydha	372.5	318	85.4	461	564	122	570
Al-Mahweet	258.6	204	78.9	416	493	119	706
Marib	211.7	157	74.2	268	326	122	551
Al-Jawf	173.5	141	81.3	249	306	123	314
Amran	389.0	311	79.9	466	631	135	1,041
Al-Dhalea	400.0	352	88.0	471	516	110	528
Raimah	-	-	-	-	174	-	283
Total	15,662.3	13,758	87.8	17,764	20,511	115	25,337

National public expenditure targets were exceeded by 6.2%, with an average current expenditures growth of 17.7%. The latter's share of total public expenditures dropped from 76.1% in 2000 to 72.3% in 2005, whereas average public expenditure grew at 18.9% compared with a planned target of 12.1%. Growth rates for wages and salaries, expenditures on commodities and services and other current expenditures exceeded their targets. The relative GDP share of maintenance expenditures dropped from 1.94% in 2000 to 1.3% in 2005 as a result of the increasing role of special funds such as the Road Maintenance Fund. Values of current transfers and subsidies varied maintaining their share of GDP due mainly to oil-product subsidies, which ranged between 9.1% and 23.8% of total public expenditure, and between 2.8% and 9.2% (5.2% on average) of the GDP in light of global oil price fluctuations and partial lifting of oil-product subsidies in 2001 and later in July 2005.

Table 1.8: State Public Expenditures, 2000-2005 (% of GDP)

Description	Achieved 2000	2005	
		Actual Preliminary	Targeted
Total current expenditures	24.5	28.5	27.5
Wages and salaries	9.1	8.8	9.9
Expenditures on commodities and services	3.0	2.8	3.0
Maintenance expenditures	0.6	0.4	0.8
Current transfers	9.1	3.3	11.4
Subsidies	5.7	1.7	0.1
Basic items subsidy	0.6	0.0	0.0
Electricity subsidy	0.0	0.2	0.0
Oil products subsidy	5.1	1.5	0.0
Interest payments	2.2	1.7	1.9
Other current expenditures	0.5	0.6	0.5
Investment expenditures	5.8	8.4	7.1
Government lending and government equity shares	1.3	1.9	0.0
Loan repayments	0.6	0.6	0.0
Total public expenditures	31.6	39.4	36.0

Provincial authorities were able to improve utilisation of their financial resources between 2002 and 2004 for local investment projects. The percentage of financial achievement of investment spending on local projects reached as high as 91.1% of total collected resources in 2004 vis-à-vis a modest achievement of 35% in 2002.

Actual Spending on Local Authorities' Projects, 2002-2004

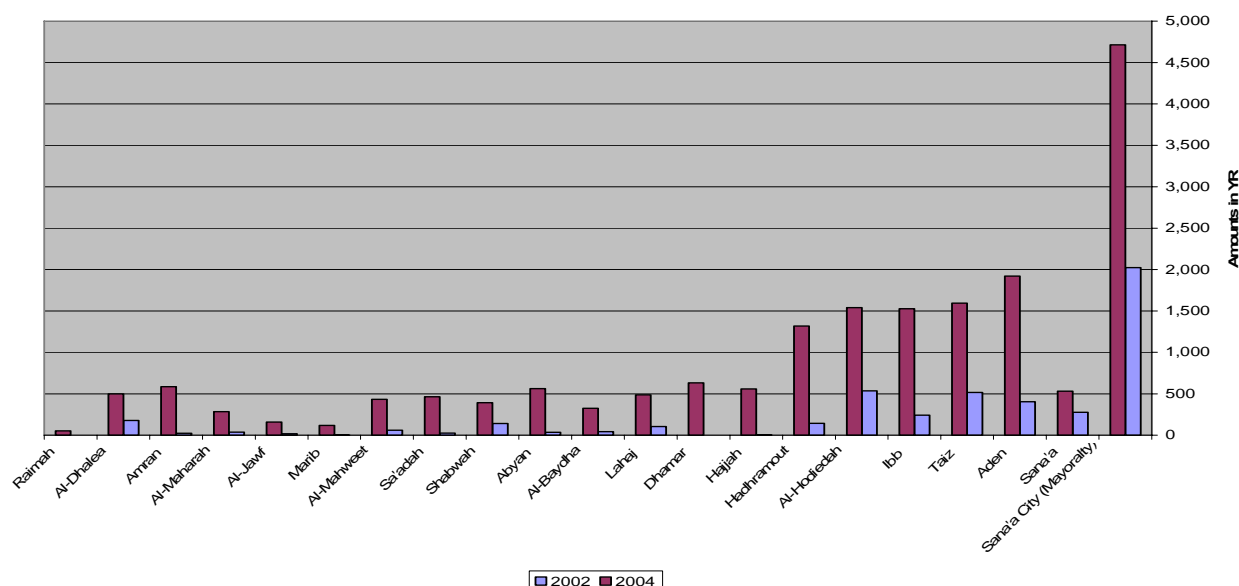


Table 1.9: Actual Local Revenues, Expenditures and Delivery rates, 2002-2005 (Millions of YR)

Governorate	2002 Resources			2004 Resources			2005 Planned revenue
	Revenue	Expenditure	Delivery Rate (%)	Revenue	Expenditure	Delivery Rate (%)	
Sana'a City	3,269	2,022	61.8	4,921	4,714	95.8	7,247.5
Sana'a	526	277	52.7	637	532	83.5	801.1
Aden	1,508	403	26.7	1,712	1,921	112.2	2,119.7
Taiz	1,288	516	40.1	2,153	1,594	74.1	1,750.1
Ibb	865	242	28	1,117	1,525	136.5	1,393.1
Al-Hodiedah	1,259	535	42.5	1,750	1,540	88.0	1,607.1
Hadhramout	866	144	16.6	1,072	1,319	123.0	1,527.9
Hajjah	657	5	0.8	1,004	558	55.6	1,112.9
Dhamar	543	1	0.2	872	631	72.4	1,001.9
Lahaj	306	103	33.7	510	487	95.4	612.9
Al-Baydha	318	42	13.2	564	323	57.3	570.1
Abyan	289	36	12.5	457	561	122.8	469.5
Shabwah	286	141	49.3	356	393	110.4	372.9
Sa'adah	419	25	6.0	620	464	74.8	852.8
Al-Mahweet	204	61	29.9	493	432	87.6	705.8
Marib	157	3	1.9	326	119	36.5	550.7
Al-Jawf	141	17	12.1	306	157	51.3	313.9
Al-Maharah	194	38	19.6	320	285	89.1	473.1
Amran	311	22	7.1	631	587	93.0	1,040.8
Al-Dhalea	352	176	50	516	498	96.5	527.5
Raimah	-	-	-	174	53	30.5	282.6
Total	13,758	4,809	35	20,511	18,694	91.1	25,333.9

Governorates varied, as well, in spending levels of their resources on local development during 2004. On the one hand, Ibb, Hadhramout, Abyan, Aden and Shabwah optimally exploited their resources as their accomplishment rate exceeded 100%, through utilising the same year's resources and savings.

On the other hand, governorates like Al-Maharah, Al-Mahweet, Sana'a, Sa'adah, Taiz and Dhamar faced obstacles that limited their performance.

The average growth of central **investment and capital expenditure** reached 23% during the period, which exceeded the targeted 18%, thus increasing their share of total public expenditures from 18.4% in 2000 to 21.7% in 2005, and from 5.8% to 8.4% of GDP.

The SFYP and PRS prioritised improvements in basic social services with special emphasis on education and health as well as investments in rural infrastructure to serve the poor and the majority of the population. Data indicates that social expenditure on average increased by 17.6% in health, 14.8% in education and 9.3% in social protection. The health sector share of total public expenditure was 4.3% in 2005, which approached its 6% target. However, the GDP share of health expenditure remained around 1.4% on average for the period, against a PRS target of 2.2% by 2005. Current expenditures accounted for 74.3% of total expenditures in the sector. Total public expenditure's share in the education sector grew from 17.6% in 2000 to 21.2% in 2005 with an average GDP share of 6% over the period. Similar to the health sector, current expenditures constituted 88.4% of the education budget during the period. Social protection expenditures failed to increase its share of total public expenditure to 1%, remaining at an average of 0.4% during the period. Nevertheless, this expenditure achieved a growth average of 9.3% compared to the targeted 32.7%, and fluctuated from one year to another.

Table 1.10: Public Expenditures by Functional Classification (share of GDP), 2000-2005

Description	Actual 2000	Estimated 2005	Relative share of public expenditures in 2000	Relative share of public expenditures in 2005
Public Services	7.5	7.0	23.5	25.3
Defence	5.3	4.2	16.5	15.2
Safety and security affairs	1.9	2.2	6.0	7.9
Economic affairs	7.6	3.2	23.7	11.5
Protection of the environment	0.0	0.7	0.1	2.4
Housing and local communities affairs	1.6	1.7	5.0	6.2
Health	1.3	1.5	4.0	5.4
Recreation, culture and religion	0.5	0.6	1.4	2.0
Education	5.7	5.9	17.7	21.2
Social protection	0.1	0.1	0.4	0.4

Current expenditures made up 87.4% of the total public expenditures. The Social Fund for Development carried out 3,888 projects during the period with a total cost of US\$301.1 million. The number of development projects implemented by the Public Works Project amounted to 1,270 at a total cost of US\$86.8 million. During the same period, the Agriculture and Fish Promotion Fund provided funding for 1,096 implemented and ongoing projects at a cost of YR29.6 billion.

At the provincial level, actual expenditures in 2004 focused on three basic areas of local programs: education, public works and roads, and health. Of these, 36% was spent on investment projects in the

public works and roads sector, 35% on education and only 15% on the health sector. The remaining 14% was divided between agriculture and other government services.

Table 1.11: Proportional Distribution of Investment Expenditures by Governorates, 2002-

Governorate	2002					2004				
	Government Services	Education	Public Works and Roads	Agriculture	Health	Government Services	Education	Public Works and Roads	Agriculture	Health
Sana'a City	10	35	50	0	5	8	24	56	2	9
Sana'a	3	66	1	-	30	18	64	4	4	10
Aden	3	30	58	-	9	8	22	60	-	11
Taiz	1	15	69	-	15	8	24	51	3	14
Hadhramout	12	66	-	9	13	16	45	18	-	22
Al-Hodiedah	35	15	37	-	14	24	25	41	-	10
Lahaj	1	61	-	-	38	19	37	15	2	27
Ibb	1	57	-	0	42	4	36	37	3	21
Abyan	97	3	-	-	-	33	32	22	5	9
Hajjah	100	-	-	-	-	3	65	3	-	29
Dhamar	100	-	-	-	-	4	58	13	3	23
Shabwah	8	43	-	-	49	1	57	3	7	32
Al-Maharah	10	78	3	-	10	13	62	13	7	6
Sa'adah	40	-	61	-	-	7	54	17	-	22
Al-Baydha	-	30	13	-	58	10	48	17	6	18
Al-Mahweet	39	43	10	-	9	11	35	23	17	13
Marib	100	-	-	-	-	14	24	4	-	57
Al-Jawf	100	-	-	-	-	-	56	-	1	44
Amran	27	20	21	-	32	9	56	5	7	23
Al-Dhalea	1	100	-	-	-	7	59	9	7	18
Raimah	-	-	-	-	-	36	52	4	4	4
Total	12	37	38	0	13	11	35	36	3	15

Total collected resources during 2002-2004 totalled approximately YR50,570 million, whereas the total spending on local development projects for the same period was YR38,132 million at 75.4% of total collected resources for all administrative units.

Monetary policy was aimed at maintaining control over the money supply with a rate of 10.1%, and gradually decreasing inflation down to 4.3% by 2005 while liberalising the exchange and interest rates. Money supplies, in the broad sense, rose by an average of 17.2% compared to the targeted 10.1%. Although the Plan sought to decrease the 'money supply to GDP' ratio from 34.3% in 2000 to 33.5% in 2005, actual data indicate that the average ratio remained within the range of 35.1% during 2001-2005. This growth in money supply is ascribed to the large increase in the net foreign assets, which grew at an average of 21.1%, and to the increase in the credit offered to the private sector at an average of 24.3%. The net foreign assets of the banking sector reached US\$6.5 billion by the end of 2005, providing coverage equivalent to 19 months of imports.

The growth of money supply in the broad sense, among other factors, influenced inflation rates which rose by 11.8% on average, thus exceeding the 4.9% target by far. This was mainly due to large

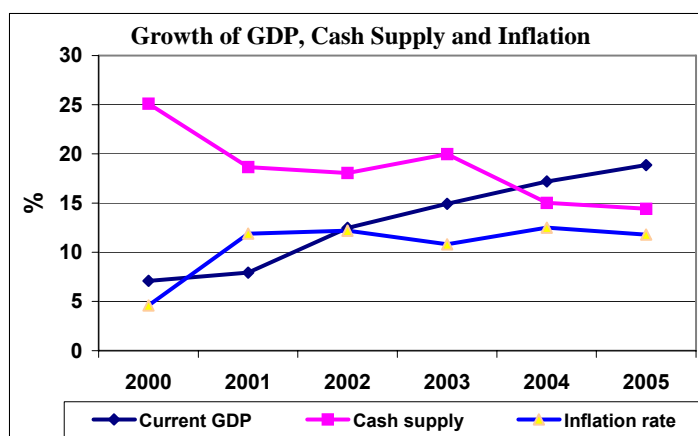
increases in the price of food items, where the Consumer Price Index (CPI) grew by an average of 15.4%.

Table 1.12: Growth of Money Supply, 2000-2005

Description	Value (Millions of Rials)		Growth average %	Relative share of total money supply %:	
	2000	2005 Estimated		2000	2005 Estimated
Total money (cash)	247,248	442,464	12.3	52.1	42.2
Currency in circulation	197,123	330,620	10.9	41.5	31.5
Demand deposits	50,126	111,844	17.4	10.6	10.7
Total quasi-money	227,277	607,045	21.7	47.9	57.8
Local currency deposits	81,126	251,531	25.4	17.1	24.0
Foreign currency deposits	146,151	355,514	19.5	30.8	33.9
Total money supply	474,525	1,049,509	17.2	100.0	100.0

Exchange rate liberalisation was aimed at establishing a balance and reaching a competitive rate to encourage exports and ensure optimal distribution of resources. The YR/US\$ exchange rate declined on average to YR191.42 in 2005 from YR161.73 in 2000. The Central Bank kept accumulative foreign currency reserves and interfered to meet demand, thus ensuring relative stability in the exchange market.

The monetary authorities maintained a 13% interest rate on savings deposits during the period despite the fact that both the SFYP Plan and PRS Strategy highlighted the significance of completing the full liberalisation of interest rates in order to encourage local savings and increase the flow of foreign capital. Loan interest rates



varied between 15% and 21%, and were designed to absorb local cash, maintain a real positive rate, and limit 'dollarisation' of the national economy.

Table 1.13: Net Foreign Assets of the Banking System, 2000-2005 (Millions of dollars)

Description	Actual 2000	Actual 2005	Growth average
Net foreign assets of commercial banks	567.8	813.8	7.5
Net foreign assets of the Central Bank	3,021	5704.8	13.6
Net foreign assets of the banking system	3,588	6518.6	12.7

Both the SFYP Plan and the PRS Strategy supported foreign trade liberalisation, floating exchange rates, improvements in debt management and foreign reserves, and working to achieve trade and economic integration and complementarities at the regional and international levels. Meanwhile, the positive status of the balance of payments continued and surpluses in foreign balances exceeded all goals and expectations.

Table 1.14: Balance of Payments, 2000-2005 (Millions of Rials)

Description	Actual 2000	Preliminary 2005	% GDP	
			Actual 2000	Preliminary 2005
Current account	212991.7	235374.4	13.8	7.8
Trade balance	212491.9	433190.1	13.8	14.3
Balance of services	-100103	-149123	-6.5	-4.9
Balance of income	-125713	-317839	-8.2	-10.5
Balance of current transfers	226315.4	269146.6	14.7	8.9
Capital account	-37507.5	-40671.2	-2.4	-1.3
Error and omission	45883.3	-81006.2	3.0	-2.7
Position of the Balance of payments	221367.4	113697.9	14.4	3.7
Financing:	-221367	-113698	-14.4	-3.7
Net reserve assets	-239291	-148622	-15.5	-4.9
Reserve assets	-229636	-138973	-14.9	-4.6
Monetary authorities liabilities	-9654.7	-9649.4	-0.6	-0.3
Debt arrears relief	17923.7	34925.2	1.2	1.2
GDP	1539636	3033380	100.0	100.0

Surplus ratios in the balance of trade declined from 13.8% of GDP in 2000 to 7.8% in 2005 due to increases in transportation and insurance costs linked to regional and local security concerns during the period. Likewise, the balance of income was influenced by the increasing share of foreign companies in extracted oil revenues, where the average of sums disbursed to companies abroad rose to 20.4 percent. The trade balance surplus averaged 7.3% of the GDP during 2000-2005 as a result of the 15.8% growth in commodity/goods exports, which exceeded the 14.6% average growth in their imports for the same period.

The SFYP sought to reduce national reliance on foreign loans. If one excludes 2005 – when the status of the capital and fiscal account declined to -1.3% of GDP – an average surplus of 1.0% was maintained over 2000-2004 as a result of foreign direct investments reaching US\$4 billion over the period with a limited increase in capital flight, which was estimated at US\$2.63 billion. Policies also focused on curbing the growth of foreign debt and repaying outstanding liabilities.

The number of contracted loans reached 200 for the period with a value of US\$1.8 billion. The outstanding balance for foreign debt increased from US\$4.9 billion in 2000 to US\$5.2 billion by end

2005 with an average growth of 0.9% compared with the target of -0.4%. Due to a lack of foreign investment, the government financed several key infrastructure and human resource development projects as well as programs for fiscal and administrative reforms through soft loans.

Table 1.15: Foreign Debt, 2000-2005 (Millions of Dollars)

Creditor (Lender)	2000	2005
Countries members to the Paris Club	1,853.4	1,743.0
Official and exporting loans	2.9	0.0
Arab states and funds	756.7	911.0
Bilateral	81.7	284.4
Funds	675.0	482.0
Other governments	258.8	144.6
Multi-national institutions	2,052.0	2,513.8
Briton Woods institutions	1,534.2	1,974.7
Other	517.8	539.1
Commercial international banks	10.6	0.0
Grand total	4,934.4	5,167.8

Chapter 2: General Trends & Structure of the DPPR

Introduction

The DPPR reflects the following top national development priorities:

- achieving a steady improvement in economic growth rates
- raising the standard of living
- improving the quality of life
- promoting good governance
- broadening participation in development

In order to achieve these aims, emphasis has been placed on achieving the efficient mobilization of resources; enhancing human and material capacities; and effecting a more efficient distribution of resources and capacities for accelerated development. In addition, priority has been given to Yemen's accession to both the Gulf Cooperation Council (GCC) and the World Trade Organisation (WTO), and greater integration into regional trade, labour, financial and capital markets. For these purposes, the DPPR also stresses the need for the completion of the Economic, Financial and Administrative Reform Programme (EFARP); combating corruption; limiting the role of the state; and enhancing the regulatory environment for the private sector to take a lead.

Framework of the DPPR

The Constitution of Yemen calls for the achievement of social balance, solidarity, equal opportunities and improving the standard of living for all Yemeni citizens. The DPPR is founded on a number of key national development strategies under the overall umbrella framework for national development given in Yemen's Strategic Vision-2025 (YSV). YSV was prepared through a consultative process that included a wide cross-section of public sector, civil society and private sector representatives who utilised advanced diagnostic and analytical methodologies. The YSV identifies the country's longer-term vision and goals for economic, social, scientific, cultural and political development. It also explores future growth trends in light of available and potential resources within regional and global frameworks, with the overall goal of elevating Yemen's international standing to the group of countries with a medium-level human development ranking by year 2025. Thus, the DPPR 2006-2010 is but one out of many successive stages on the road to reaching the comprehensive goals and objectives of the Strategic Vision.

Yemen's Millennium Development Goals (MDG's) also set the framework for the DPPR, particularly in relation to social development and poverty reduction. A strategy for the latter was concretised in the national Poverty Reduction Strategy (PRS) for 2003-2005, which was merged with the DPPR for the first time in recognition of the

primacy of poverty reduction in national development. As a result, the DPPR integrates the national PRS's main themes as well as its goals and objectives on the sectoral and macroeconomic levels.

The DPPR also incorporates Yemen's EFARP, the first phase of which was initiated in 1995, followed by Phase II as of 1999 with specific focus on economic restructuring and the enactment of related reform laws achievements, as described in Chapter 1 above.

Development Challenges

A mix of chronic structural challenges pertaining to population growth and dispersal throughout Yemen, rampant illiteracy and unemployment, major technological and knowledge deficits, as well as other resource scarcities confront Yemen's development efforts as a 'least developed country'.

Yemen is the Arabian Gulf's second-most populated country, with a total population of 19.7 million (2004 Census) scattered among 129,299 villages and 3,642 urban centres. In spite of a significant decline during the last decade from 3.50% to 3.02%, Yemen's population growth rate remains among the world's highest, placing increasing demands on basic services, public utilities, housing, water resources and

job opportunities, especially for youth and rural-urban migrants. While highly dependent on agriculture as a source of income and jobs, Yemen is one of the most water-scarce countries in the world with a per capita share of 120-150 cubic metres per year, as compared to the regional average of 1,250 cubic metres a year. The annual water shortage is estimated at more than one billion cubic meters, which is equivalent to over one third of the annual consumption.

Limited technical and material resources for education and training in the context of a 47.2% adult illiteracy rate (that includes major gender and spatial disparities) exacerbated by high drop-out rates in primary and secondary education (especially among females), together pose formidable challenges to Yemen's human resource development efforts. This situation is further aggravated by a mismatch between higher education and vocational training curricula and resources and the needs of the market. Similarly, the health sector faces numerous challenges to meet the increasing needs of the population in the context of deteriorating key health

Box 2.1: Needs Assessment for Achieving the MDGs by year 2015

The Government of Yemen (GoY) has expressed its commitment to the achievement of the MDGs. Hence, the Ministry of Planning and International Cooperation (MoPIC), supported by the UN agencies in Yemen, coordinated the preparation of an MDG needs assessment report using the UN Millennium Project methodology adapted to the local context. The current situation was analyzed, the challenges in each sector were identified, and the investment plan and its costs were derived. The needs assessment report estimates that Yemen needs a rehabilitation program with public expenditures of **US\$48,405 million over ten years** to achieve the MDG's. The government is working towards addressing the main challenge of funding these programs and projects through emphasizing its ability to implement policies of modernization and development, translated into the establishment of the requisite institutional, legal and legislative frameworks that keep pace with various developments - and in particular - through supporting transparent and accountable governmental institutions. Not only would these efforts mobilize local resources and encourage private sector activities, but they would also attract foreign aid and create an atmosphere of trust and responsibility among the donors and local and international investors.

indicators such as for maternal and under five-years-old mortality rates and the spread of contagious and communicable diseases.

In the context of continuing reforms, Yemen faces formidable challenges in the performance of the State's administrative and governance systems as well as the judiciary. Limited accountability and transparency, the poor quality of public services and the prevalence of corruption are among the main problems to be tackled. National poverty reduction efforts suffer from chronic resource deficiencies, partly due to weak savings and limited foreign resources. The banking system is poorly developed, and most financing is directed toward the commercial sector (with short-term loans and high returns on investment) rather than longer-term productive investments in sectors such as industry and agriculture. The national economy also suffers from limited technical and administrative capacities needed to plan and prioritise projects and programs feasibility studies and evaluations.

Despite some improvement to the regulatory environment in recent years, local and foreign private investments remain limited despite clear opportunities in promising sectors such as tourism, fisheries and light industry. Domestic and external factors related to security issues and structural/regulatory shortfalls have acted as disincentives for investment. In addition, globalisation has imposed numerous economic challenges related to the liberalisation of trade, removal of barriers, and unleashing local and international competition regardless of the capabilities and nature of the productive structures in developing countries.

Development challenges at the provincial level relates to the lack of basic equipment and infrastructure for local authorities, limited financial resources, poor capacities in planning and project cycle management, and inadequate coordination among relevant agencies and CSO's. In addition, the knowledge base and information database at the local level is poor, and a number of ministries lack offices and staff in a number of districts and provinces. Furthermore, there is a need to improve the legislative framework, and to mainstream and remove existing legislative barriers to the implementation of the Law on Local Authorities, particularly in relation to finance, bidding and recruitment procedures.

Lack of proper mechanisms for coordination between and integrating the local councils, special development funds, partners in development and the central authority in designing, implementing and following up projects also pose challenges to local development efforts.

Box 2.2: Lessons Learned from Local Resources Management

1. Issues Relating to Collection of Local Resources:

- Absence of the branches of some executive bodies concerned with collection
- Insistence by some central bodies on implementing certain projects, performing some services and issuing licenses
- Collection methods remained unchanged without modernisation
- Collection of some resources by unauthorised individuals
- Shortage of training and motivation
- Lack of a comprehensive database to cover all bases of local financial resources
- Establishing new directorates which minimized the revenue proceeds
- Lack of performance monitoring and evaluation systems for individuals and organisations
- Weak awareness about the importance of paying taxes and dues

2. Issues Relating to Local Expenditures:

- Low operation and maintenance expenditures
- Little local development-oriented central support given to administrative units, as they constitute less than 0.05% of total state public revenue
- Low level of current expenditures for local councils and executive bodies
- Difficult application of the criteria for distributing central support and joint public resources to the administrative units

3. Other Financial, Administrative and Regulatory issues:

- Certain parts of the financial system remain unchanged
- Budgetary accounting work of most governorates' directorates is concentrated within the accounting units in provincial capital
- Duplication and dispute over jurisdiction/mandate between the accounting unit and the finance office at the level of every administrative unit
- Absence of banking activities in most directorates
- Delays in transfers from special funds to local authorities

Structure of the Plan

The DPPR is focussed on two inter-related themes. The first is to achieve **accelerated economic growth and employment generation** through diversification and revitalisation of the local economy in order to generate essential resources for development. This includes:

- Enhancement of the GDP share of promising sectors and reducing dependence on the oil sector
- Promotion of small and micro enterprises (SME's) for sustainable income generation, particularly in food processing; export-oriented agriculture; fisheries and their associated services; as well as tourism and its related services
- Rehabilitation and promotion of the Aden Free Zone as well as the country's sea and air ports

The second theme is **to intensify poverty reduction efforts**, which have produced limited positive impact so far. Thus, the DPPR aims to expand the level of participation in poverty reduction efforts and to address its underlying causes with focus on the following seven major tracks:

1. To give priority to labour-intensive rural investment projects and programs in all economic sectors, especially infrastructure, agriculture, industry and tourism
2. To improve the investment climate and mobilise the private sector to play a larger role in economic activities and investments
3. To enhance partnership with the private sector, CSO's and donors in the efforts to reduce poverty

4. To improve basic services such as education and healthcare, and to design training programs to enhance the capabilities and productive skills of the poor
5. To promote micro-finance services for the poor, especially for women in rural areas
6. To strengthen and further expand special programmes supporting Yemen's Social Safety Net (SSN) in order to expand the umbrella of social protection and services for poor communities
7. To enhance the capacities of local authorities to generate and manage local resources for the provision of basic social services and to reduce poverty through local initiatives

Reforms

The DPPR is founded on a coherent and mutually supportive set of reforms, special initiatives, cross-cutting themes and partnerships to support its economic regeneration and poverty reduction goals. Evaluation of past reforms has revealed various shortcomings that must be addressed with **intensified and expanded reforms**.

These include the need for strengthening **economic reforms** in public finance management (PFM), the banking sector and the investment climate. PFM reforms are aimed at increasing the efficiency of and rationalising public expenditure; increasing and strategically targeting investment expenditures; enhancing budgetary stability; expanding the basis and efficiency of public revenues systems; and maintaining financial and monetary balances. Banking sector reforms are designed to strengthen the supervisory role of the Central Bank of Yemen (CBY); increasing the efficiency of commercial and Islamic banks; modernising services; promoting financial services for SME's; establishing the requisite framework for securities market; and exploring options for the greater, socially responsible involvement of financial and insurance institutions in the development process; measures to enhance the investment climate focus on maximising the benefits of free and qualified trade zones with the creation of the requisite institutional and legal frameworks and infrastructure.

The enhancement of **institutional and administrative reforms** would focus on developing and modernising the structures and institutions of the State's administrative body to eliminate redundancies across administrative units; curb corruption; effect periodic salary revisions and increases; install performance monitoring and evaluation systems; standardise human resource management practices; establish essential database and management information systems and; adopt transparent and automated administrative mechanisms (including for the payroll).

Bringing about **good governance reforms** is the basis for attracting foreign investment and leveraging national capital. This would include deepening political participation, supporting rights and liberties, combating corruption, and consolidating the rule of law and independence of the judiciary.

Political participation initiatives would include democratisation of systems for electing the Shura Council (for two-thirds of its members) and provincial governors; strengthening the role of the Council of Representatives over the national budget and; reviewing related laws such the local authorities' law and the press law. In conjunction, promotion of rights and liberties would focus on promoting a culture of human rights (in particular those of women and children), liberties, responsible journalism as well as constructive and transparent debate together with the integration of such values into school curricula; broadening women's participation in political activity and assigning key public sector and government posts to women; and promoting the role of CSO's in the political realm.

National efforts toward combating corruption would be further augmented through an integrated approach that would include the establishment of an independent body to combat corruption and a higher council for control and auditing; consolidation of the role of Central Organization for Control and Audit (COCA) and its relation with the Council of Representatives; tightening public finance legislation against loopholes; a comprehensive review of relevant laws to address loopholes in the management of public funds; implementation of the recently approved Financial Disclosures Act; and implementation of specific measures to expose cases of corruption, encourage anonymous whistle-blowing and prevent the spread of corruption.

Consolidating the rule of law and independence of the judiciary would entail full separation of the judiciary from the executive branch of government; establishment of judicial control mechanisms such as: a body to administer judges' affairs; capacity building and training for judges and the Higher Judicial Institute; developing the role, efficiency and efficacy of courts (including commercial ones) and; strengthening private property rights and related legal instruments.

Regional and international economic integration to further promote economic openness, liberalisation of foreign trade and integration within the regional and global economies will be pursued proactively and strategically to consolidate Yemen's relations with GCC countries and the WTO. The GCC countries, in addition to their historical and cultural links with Yemen, constitute the largest and fastest growing trading partner of the country, currently comprising 36% of all Yemeni imports. For WTO accession, Yemen will accelerate its market reforms and bolster the required infrastructure by 2010.

Yemen's reforms must also address the need for **human resource development** in order to help achieve the MDG's, only two of which ('education for all' and 'reducing child mortality') are currently expected to be reached by 2015 at current rates of development. This can be realised through a strategic allocation of resources toward

key initiatives such as raising public awareness of demographic issues; targeting women, girls and children in education and health programmes, particularly in rural areas; and providing basic infrastructure services in the countryside to break the isolation of remote areas. In addition, the DPPR pays special attention to the **economic and political empowerment of women**.

Gender disparity studies show that women's involvement in monetised economic activities does not exceed 21.8%, and that female enrolment rates do not exceed 51.6% and 24.8% in primary/basic and secondary education respectively with rampant levels of illiteracy among women. The DPPR includes four major cross-sectoral initiatives to empower women, including the need: to narrow the gender gap in education and health (including reproductive health); to enhance women's political participation by applying the quota system at all levels of political participation and to help build the capacity of women in administrative positions and in political office and related activities; to expand the availability of economic opportunities for women in all sectors and provide targeted financial services and; to review and upgrade the legislative framework to safeguard women's rights and fight gender-based discrimination.

The DPPR would promote the expansion of the **Social Safety Net (SSN)** in order to protect vulnerable groups against the negative effects of the EFARP. The core themes in this endeavour would be comprised of: expanding the SSN programs and targeting them at income-generation and employment generation for unskilled workers and new graduates; widening the reach of social services and basic infrastructure into remote areas; increasing micro-finance services especially for female-headed households and vulnerable groups; caring for and rehabilitating the disabled and addressing their educational, health and training needs, and integrating them into society; reviewing the system for money assistance by SWF in terms of eligibility, amounts and fair distribution and; developing a clearer vision regarding the SSN network programmes including social security, its goals and efficiency.

The DPPR also places special emphasis on adopting a **partnership approach with the private sector, civil society and Yemen's international partners**. The overall approach and drive of the EFARP and SFYP provided a strong framework for private sector growth and development. The DPPR will build on past efforts through concentration on establishing a more enabling and secure investment climate; establishing a joint higher council to discuss policies and strategies; reinvigorating the institutional frameworks that support the private sector, such as the Higher Council for Exports; continuing to involve the private sector in designing economic policies and in regional and international cooperation committees; and helping the private sector develop its regulatory framework and encouraging the transformation of individual or family-owned firms to joint-stock companies and corporations.

In terms of partnership building with civil society organisations (CSO's), the DPPR seeks to increase CSO's role in policy and strategy development, particularly in relation to the needs of vulnerable groups at the local level; and to further integrate CSO's within the follow-up and monitoring mechanisms of the DPPR and encourage them to prepare shadow reports. In addition, CSO's will be encouraged to expand their interventions and developmental contributions in rural areas through a framework of effective CSO-local authority partnerships. This would, *inter alia*, require CSO support in poverty mapping, priority setting, needs identification, targeting as well as monitoring and evaluation at the local level.

The DPPR pays special attention to international cooperation and partnership with donors due to the key place of such support in meeting the technical and financial gaps in the implementation of the Plan. This policy includes preparing an integrated framework for managing foreign aid with the following elements: activating a foreign aid management system as a basis to direct and improve the use and coordination of foreign aid in accordance with national priorities; developing a unified national database hosted at the Ministry of Planning and International Cooperation; enhancing the involvement of donor representatives in the phases for preparation, implementation and evaluation of and follow up on plans and programmes; widening the range of Yemen's donor partners; developing sound coordination mechanisms; and developing a resource mobilisation plan for the implementation of the DPPR and the achievement of the MDG's .

The DPPR also recognises the central importance of further strengthening ongoing decentralisation efforts for the purpose of reaching national development goals, and thus focuses on **promoting the role of local authorities for rural development** as a priority. This would entail: capacity building and strategic support for local authorities in their efforts to improve economic and social infrastructure in the rural areas; focusing on promising activities in the governorates; encouraging private sector investment; reducing disparities across rural areas and between rural and urban areas; completing the legislative and institutional structure of the local authorities; emphasizing the training, planning and supervisory aspects of the local authorities; preparing an enabling environment for the developmental role of local authorities; measures to address the phenomenon of population dispersal and to encourage population dynamism towards secondary cities and coastal areas; narrowing gender disparities in education, health and inheritance and property rights and; addressing the depletion of water resources.

Chapter 3: Macroeconomic Framework and Policies

Macroeconomic Framework

The DPPR has been prepared with an ambitious vision that aims to achieve accelerated development and poverty reduction, and qualify Yemen for integration with the countries of the GCC and the WTO. The macroeconomic framework of the DPPR rests upon the achievement of economic, fiscal and monetary equilibriums necessary for the attainment of its goals with a bigger role for the private sector in the process.

The methodology of the macroeconomic framework utilizes the World Bank's Money Flow Model to estimate targeted indicators, and is based on a number of assumptions, including the adoption of year 2004 as a baseline for data; utilisation of a number of WB and IMF indicators that were not available in national publications; and potential for achieving economic and the financial and monetary balances that would be support the DPPR's objectives.

The basic trends of the most important macroeconomic indicators are determined in light of a number of **key general assumptions**, including: an enhanced role for promising sectors; incremental development improvements at the central and local levels across various sectors; increased mobilisation and efficient allocation of potential local and foreign resources; an expanded role for the banking system in mobilising local savings and their investment in productive sectors; an improved local and international investment climate; sustained high international prices of oil and; increased foreign investments, especially by expatriates and citizens of the GCC countries.

The Plan targets an ambitious rate for economic growth averaging at 7.1% per annum over 2006-2010. For this purpose, **implementation of key reforms** across a wide range of sectors is needed to bring about positive changes in internal and external variables. Such achievement rests also on accelerating economic dynamism, generating job opportunities and improving the standards of living during the coming period coupled with a dynamic and astute relationship with GCC countries to tap into the regional developmental 'renaissance'. In addition, stronger partnership with the local and foreign private sector and the international developmental organisations is required, as is an enhanced and more prominent role for local authorities across the governorates.

Growth scenarios and assumptions foresee a continuing important role for the oil sector that represents around 28.7% of the GDP (2004 prices), 72.9% of total public revenues and 92.9% of exports in 2005. This situation renders the DPPR and its objectives largely dependent on projected oil prices (at \$59.2 per barrel) known for their volatility, despite an expected average 4.5% reduction annually. The growth scenario also counts on an incremental improvement in the performance of the national economy and its various sectors, which can be achieved through emphasis on the promising sectors, implementation of necessary reforms; an expansionary fiscal and monetary policy; a reduced population growth rate (down to 2.5% by 2010); exploitation of untapped resources and; increased flows of foreign aid and the positive outcome of the process of qualifying Yemen to integrate with the GCC (total of \$10.2 billion to cover the financing gap). Similarly, the DPPR predicts an increase in the growth of fixed capital formations (averaging at 29.1% per year), increased foreign investment and new oil excavations that would offset the depletion of some currently productive fields.

Table 3.1: Basic Indicators for the Growth Scenario 2006-2010

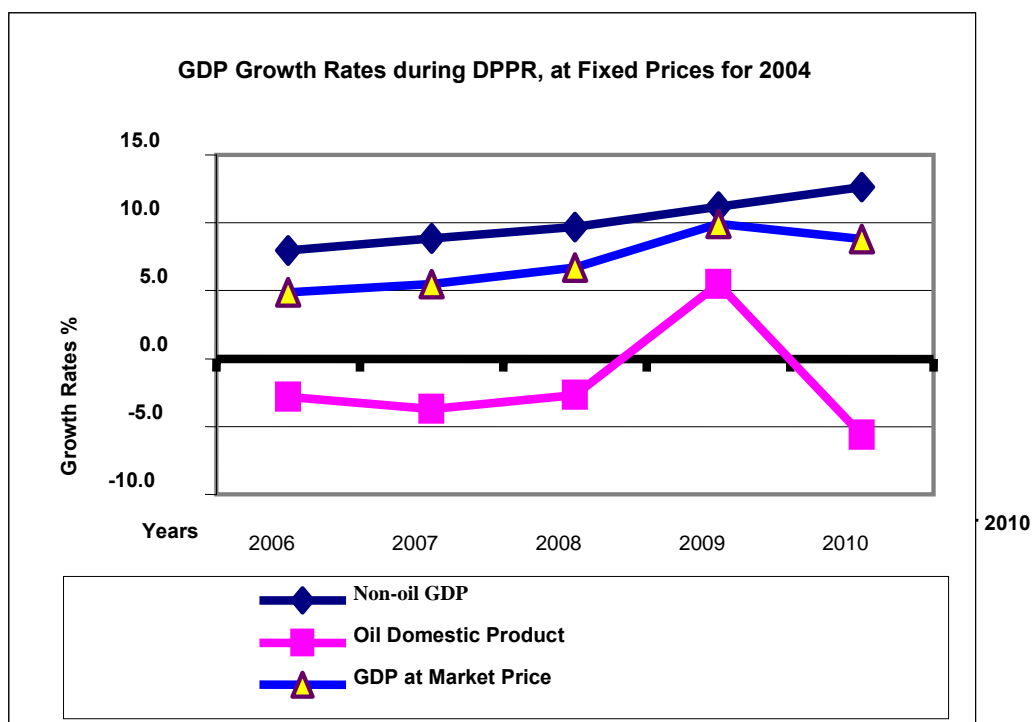
Item	2006	2010	Average during the Period 2006-2010
1: The Real Sector			
GDP Growth	4.9	8.8	7.1
Oil Product Growth	-2.8	-5.6	-1.8
Non-Oil GDP Growth	7.9	12.6	10.1
2: Public Finance (% Percentage of GDP)			
Total Revenues and Grants	34.9	18.7	26.6
Total Expenditures and Net Lending	38.0	28.7	34.0
Net Lending	1.3	0.6	0.9
Deficit/ Surplus (Total)	-3.2	-10.0	-7.4
Net Foreign Financing	1.1	7.8	5.1
Deficit/ Surplus (Net)	-2.0	-2.2	-2.3
3: The Monetary Sector			
Money Supply M2 (YR billion)	1253	2840	1,967
Imports months covered by the reserves	9.2	9.5	9.0
4: External (Foreign) Sector			
Current Account	-1.7	-8.0	-6.2
Capital Account	6.6	10.7	8.7
Total Balance	4.9	2.7	2.5

Macroeconomic Goals and Policies

An average annual GDP growth rate of 7.1.% (10.1% for the non-oil GDP) would be expected **to reduce poverty rates** to about 19.8% by 2010, which in turn would help Yemen meet its first MDG (in terms of food poverty).

Table 3.2: Overall Poverty Predictions for the Period 2006-2010

Years	2006	2007	2008	2009	2010
Rural	38.8	35.7	31.8	27.7	23.4
Urban	19.5	16.4	13.9	11.3	8.0
Total	34.3	31.2	27.7	23.9	19.8

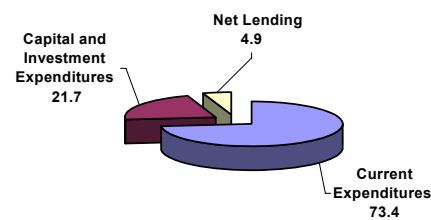
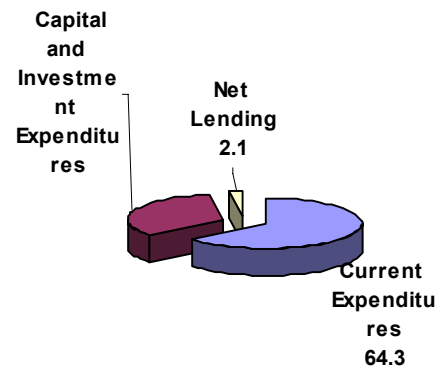


Local and foreign private investment is expected to reach 62% of total investment, with national savings up to 21% of the GDP. The services sector is expected to take a lead in the growth drive, averaging at 11.9%, followed by industry (8.1%) and agriculture (5.3%). The policies and strategies supporting this growth include: improvements in the investment climate; accelerated reforms; private sector joint ventures between local and foreign capital; targeted and strategic investments in promising sectors; greater concentration on the use of gas for power generation; improved rural and urban transportation and power infrastructure; SME promotion initiatives, free zones and enterprise support services; strategic application of labour-intensive production in SME's etc.; human resource development initiatives and; promoting exports through greater quality, competitiveness and productivity.

In the **financial sector** the DPPR aims to keep the central government's budget deficit within safe limits that do not exceed 3% of the GDP; raise public non-oil revenues on the order of 40-45% of total revenues; and to increase investment spending to reach 30% of total public expenditure. The policies and strategies supporting these aims are multifaceted and cover four broad areas. The first relates to the Central Budget of the Government and includes measures such as: preparing a medium-term fiscal framework; rationalisation of all public funds (including special accounts) into a single budget; automating public expenditure data and information; developing the planning and forecasting capacity of the Ministry of Finance; developing a Financial Information System and training central and local authority public servants in financial management; applying

international accounting and reporting standards to control and audit operations; amending the law for bids and; allowing the National Committee for Women to be represented in committees preparing public and local budgets.

In addition, fiscal reforms include public expenditure restructuring, intended to favour investment spending to enhance economic growth with an emphasis on infrastructure development, improved and targeted basic social services, and the overall investment climate. These reforms intend on reducing the current expenditure share of public expenditure to 64.3% by 2010 from 73.4% in 2006; cease subsidies by 2010; increase the GDP share of capital and investment expenditure to 9.7% by 2010 (from 9.5% in 2006) and; to reduce the GDP share of total public expenditure and net lending from 38% in 2006 to 28.7% by 2010. To support these aims, it is necessary to implement civil service reforms including the salaries and wages strategy and law; to apply socio-economic and environmental feasibility assessments to investment projects; to charge sustainable rates for public utility services and; to rationalise health sector expenditures with priority for maintenance of current services as against new projects.



Distribution of Public Expenditures for 2005

Foreseeable public revenue restructuring would reduce the GDP share of total public revenues and grants down to 18.7% in 2010 from 34.9% in 2006; increase tax revenues up to 6.8% of GDP (from 6.6% in 2006); and reduce oil and gas revenue from 26.3% of the GDP in 2006 to 9.3% in 2010. To achieve these aims, the DPPR promotes the adoption of deregulated, transparent, and flexible revenue regimes that would broaden the base of taxpayers and attract private-sector investments; builds up human cadres and the financial database; integrate the informal (unregulated) sector within the formal one; develop and update tax and commercial legislation, including the decentralisation of revenue generation and management and; and implementation of phases II and III of ASYCUDA automated customs management system.

In the area of public debt, the DPPR aims to: abide by the standards of foreign borrowing, limit the latter to soft loans and development-oriented facilities, and keep foreign debt to below 60% of GDP; increase the capacity of national economy to absorb foreign assistance (aid); seek to reschedule Yemen's foreign debt; set controls that enhance the efficient use of loans; rationalise local borrowing particularly from treasury bills, and to gradually transform them into long-term and development-oriented government bonds; and, to increase foreign aid/assistance to bridge the gap in local resources.

Table 3.4: Fiscal Framework 2006-2010 (% of the GDP)

Item	2006	2007	2008	2009	2010	Average
Total Revenues and Grants	34.9	31.3	26.4	21.9	18.7	26.6
Self-Revenues	34.4	30.4	25.3	20.9	17.8	25.8
Current Revenues	34.4	30.4	25.3	20.9	17.8	25.8
Tax Revenues	6.6	7.0	7.1	6.9	6.8	6.9
Non-Tax Revenues	27.7	23.4	18.2	14.0	11.0	18.9
Oil and Gas Revenues	26.3	21.9	16.7	12.6	9.3	17.4
Capital Revenues	0.02	0.01	0.01	0.01	0.01	0.01
Grants	0.5	0.8	1.1	1.0	0.8	0.8
Total Expenditures and Net Lending	38.0	36.7	34.7	31.9	28.7	34.0
Current Expenditures	27.2	25.7	23.3	20.9	18.5	23.1
Subsidies	7.7	5.7	3.7	1.8	0.0	3.8
Current Transfers	3.0	3.1	2.9	2.6	2.5	2.8
Capital and Investment Expenditures	9.5	10.0	10.5	10.3	9.7	10.0
Net Lending	1.3	1.0	0.9	0.7	0.6	0.9
Deficit/ Surplus (Total)	-3.2	-5.5	-8.4	-10.0	-10.0	-7.4
Net Foreign Financing	1.1	3.5	5.6	7.2	7.8	5.1
Deficit/ Surplus (net)	-2.0	-2.0	-2.8	-2.7	-2.2	-2.3
Net Local Financing	2.0	2.0	2.8	2.7	2.2	2.3

The DPPR aims at strengthening the role of **monetary policy** in increasing the quantity and quality of finance available for investment activities. It intends to maintain monetary stability with the annual inflation rate kept below 13.8% and the broad money supply below 22% on average and; to stabilise the value of the Rial (average change at -3.16%). To support these aims, the DPPR promotes open market policies and improvements in the credit-rating of the national economy by managing the foreign currency reserves to be sufficient for minimum six-month coverage of imports. It is also intended to support, modernise, diversify and promote the role and services of commercial and Islamic banks/financial institutions at central and local levels. In addition, it is necessary to have the Stock Market Committee finalise the stages for launching the Securities Market and make available its legislative, institutional, regulatory and technical requirements.

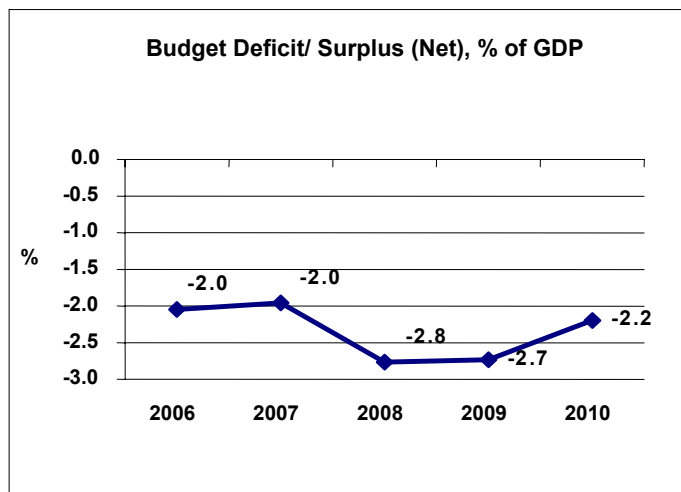
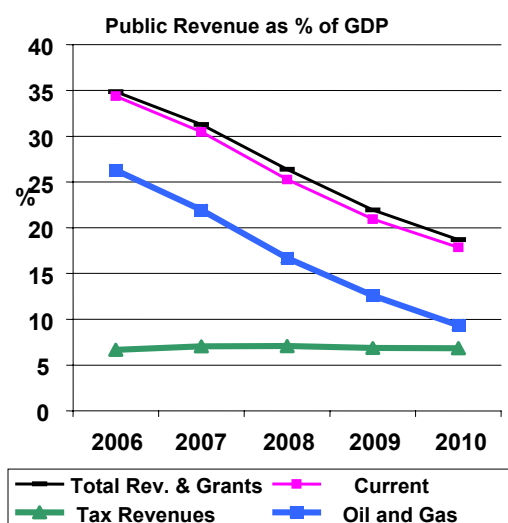


Table 3.5: Monetary Sector Indicators, 2006-2010

Item	2006	2007	2008	2009	2010	Average
Broad Money (Money) Supply (in million YR)	1,253	1,530	1,877	2,333	2,840	1,967
Percentage of Variation Rate	19.4	22.1	22.7	24.3	21.7	22.0
Money Supply / % of GDP	36.0	36.0	36.0	36.0	35.7	35.9
Reserves/Imports Coverage/Months	9.2	9.0	8.5	8.7	9.5	9.0
Inflation %	14.0	15.4	14.8	13.1	11.5	13.8

The DPPR promotes liberalisation of **foreign trade** as a means for strengthening the productivity and competitiveness of the national economy, gaining access to foreign markets and broadening the exports platform base in order to boost national income. It is envisaged that national exports of non-oil products will grow by an average of 20.2% a year and imports of goods and services will increase by an annual average of 15.2%. Net current transfers will grow by 8.2% on average and the foreign aid and loans absorption capacity of the national economy will be raised to a total of \$10.2 billion over the period of the DPPR. To support these aims, it is necessary to boost regional and international trade regimes and to cut the deficit accounts down to acceptable levels. The investment climate requires special attention as does efforts to attract investments by Yemeni expatriates. WTO accession (with special preferential considerations for Yemen as a Least Developed Country - LDC) requires a complete plan of action to be developed in partnership with local political organisations, the parliament, private sector institutions and CSO's as well as Yemen's international partners. WTO accession also requires the implementation of specific measures given in the Technical Assistance Matrix for various sectors, including legislative requirements. Yemen must also comply with requirements of the Greater Arab Free Trade Zone by the end of the grace period in 2010 with special attention to investment and competitiveness conditions, improving the infrastructure for and competitiveness of local industry, and providing the facilities necessary to increase exports. More generally, the DPPR promotes enhanced economic ties with regional, international economic blocs and a more strategic approach to attracting foreign capital.



It is envisaged that Yemen's overall **Balance of Payments** would average at 2.5% of the GDP over the period of the DPPR. The most positive results are expected in the capital accounts where the balance would be raised to 10.7% of the GDP by 2010, up from 6.6% in 2006. Current account deficits are expected to rise from 1.7% (2006) to 8% (2010) over the period.

Table 3.6: Balance of Payments, 2006-2010 (% GDP)

Item	2006	2007	2008	2009	2010	Annual Average
A-Current Account	-1.7	-4.9	-8.4	-7.8	-8.0	-6.2
Trade Balance	4.3	-1.1	-6.6	-6.9	-7.7	-3.6
Exports	32.2	27.0	21.1	17.6	14.1	22.4
Imports	27.8	28.1	27.7	24.5	21.8	26.0
Balance of Services	-5.5	-4.6	-3.2	-2.3	-1.7	-3.5
Balance of Income	-7.6	-5.6	-4.4	-3.6	-2.9	-4.8
Current Transfers	7.0	6.4	5.8	5.0	4.4	5.7
B-Capital Account	6.6	7.9	9.2	9.2	10.7	8.7
Net Error and Omission	0.0	0.0	0.0	0.0	0.0	0.0
Total (Overall) Balance	4.9	3.0	0.9	1.4	2.7	2.5

In order to improve **investment and business performance**, the DPPR aims to minimize the number of procedures needed to issue licenses for investment projects and to integrate them into a 'one-stop shop' facility with the requisite manuals and automated, on-line services. In addition, tax and customs clearance procedures will be rationalised and simplified with expanded use of ASYCUDA, and private-sector-related government services will be decentralised to corresponding regional levels. Total local credit is envisaged to be increased to 515 billion YR by 2010, up from 200.6 billion in 2006, and private investment is expected to comprise 63% of total investments by 2010. In order to achieve these goals, and in addition to the aforementioned investment-climate related strategies, the DPPR includes mergers of the General Commission on Investment with the General Commission on Free Zones to facilitate procedures and provision of investor services, and merger of the General Commission on Tourism Development with the Commission on Developing Yemeni Islands.

Table 3.7: Business Performance Environment Indicators (2006)

Indicators	Yemen's Ranking	Average for MENA Region
1-Legal Composition of Businesses and Projects		
Number of Procedures to Start up a Business or Project	12	10
Lead time Start up a Business (in Working Days)	63	46
Cost of Implementing the Procedures (% of Per Capita Income %)	240	64
Minimum Capital (% of Per Capita Income %)	2703	859
2-Dealing with Investment Licenses		
Number of Procedures to Obtain Licenses	13	20
Time to Obtain Licenses (in Working Days)	131	216
Cost of Obtaining Licenses (% of Per Capita Income %)	274	469
3-Time to Obtain Licenses (in Working Days)		
Cost of Recruitment (% of Salary)	17	15.8
Difficulties of Recruitment Indicator	37	38
Cost of Dismissing a Worker (No. of Paid Weeks)	17	79
4-Registering Project Ownership		
Number of Procedures	6	7
Number of Days	21	52
Cost of Registration (% of the Value of Ownership)	3.9	6.7
5-Obtaining Credit		
Range of Coverage by Credit Information Register (Borrowers as a Ratio of Adult Population)	0.1	1.9

Support to business development services is also envisaged, as is the development of practical procedures to control smuggling, cheating and commercial fraud. In addition, awareness of the importance of tax revenues must be raised among the business community and a committee established on business ethics at the Union of Chambers of Commerce and Industry. Moreover, amendments to the bankruptcy laws (in a way that ensures protection to creditors), training for judges and activation of judicial inspection mechanisms are required. Finally,

the DPPR includes implementation of the Credit Information Law in coordination with the Committee on Yemeni Banks to form a credit information company and an automated credit information system at the Central Bank according to the international standards and specifications.

Table 3.8: Local Credit, 2006-2010 (Billions of YR's)

Description	2006	2007	2008	2009	2010
Non-financial Public Sector	7.5	39.9	74.7	110.0	132.6
Private Sector	193.1	63.1	100.1	274.3	382.4
Total Local Credit	200.6	103.0	174.8	384.3	515.0
Credit for the Private Sector %	96.3	61.3	57.3	71.4	74.3

Table 3.9: Private Sector Contribution in Fixed Capital Formation, 2006-2010 (Billions of YR's)

Description/Year	2006	2007	2008	2009	2010
Fixed Capital Formation	925	1339	1693	2024	2332
Public	381	488	630	768	871
Private	544	851	1063	1256	1461
Private Investment to GDP %	14	17	18	17	16
Private Investment to Total Investment%	59	64	63	62	63

Promoting economic growth at the local level

Promotion of local level economic development requires two broad areas of policies: the first the promotion of the role of the private sector and CSO's to invest in job creating investment with the use of incentives; and, the second is the enhancement of the capacity of local administrative bodies to better manage and support local development.

To these ends, local potential and resources need to be identified and exploited with the use of private sector investment, particularly through labour-intensive industries and businesses coupled with tax exemptions and other incentives. Promising sectors such as tourism, fisheries and handicrafts will be targeted and supported through joint projects. In addition, the development of local associations will be encouraged with special emphasis on the involvement of women. Trade and business linkages and partnerships across governorates and neighbouring countries will also be forged, and competition among various administrative units will be encouraged.

The development of local authorities' capacities as part of the national decentralisation programme is an inherent part of local development efforts, which include a more balanced distribution of development gains across the country. Better targeting of local investments and projects according to needs is required, as is a fairer distribution of the local authorities' financial resources to lower administrative units. It is also important to conduct surveys and collect data through coordination between the central and local authorities in order to develop a quality information base covering available economic and human resources in all administrative units.

Furthermore, an appropriate mechanism must be developed for the coordination of projects among central, local and partner agencies in order to avoid duplication of effort and waste of scarce development resources.

Chapter 4: The Good Governance System

Introduction

Yemen's medium to long-term goals of reducing poverty, acceding to the GCC and the WTO, and joining the ranks of middle income countries are largely dependent on the country's success at instilling a sound system of governance covering a wide range of institutions at the central and local level. Efforts at comprehensive reforms began in 1995 with the implementation of the EFARP. Similarly, the goals of the SFYP (2001-2005) and PRS (2003-2005) included relevant reform initiatives. Chief among these were decentralisation efforts, which began in earnest with local governorate and council elections held in March 2001. Despite some tangible progress, results so far can be described as 'mixed', at best. Major good governance challenges remain and must be addressed with renewed determination.

Reform of the Judiciary

The Constitution of Yemen guarantees financial, administrative and legal independence for the judiciary. Previous judicial reform efforts have produced some concrete results such as reforms to the Supreme Court, the Higher Judicial Council and the Judicial Inspection Commission. New regulations and by-laws have been issued (including by-laws for the Higher Judicial Council, Real Estate Registration Department and regulations establishing the Forensic Medicine Commission and the Centre for Judicial Documentation) and new premises built (the number of courts increased from 249 to 275, and eleven judicial complexes were constructed in various governorates). Moreover, technologies have been modernised, and various local and external training courses have been conducted for judges and judicial staff (e.g. 1,450 judges and prosecutors trained locally or abroad). Efforts are underway to define and form a judiciary police structure.

Table 4.1: Cases Administered by Courts of First Instance, 2000-2005

Indicator	2000	2001	2002	2003	2004	2005	Total
Cases Filed	98,988	91,610	82,790	93,072	84,408	69,503	520,371
Cases in process	57,988	59,400	51,947	57,585	49,739	48,819	325,478
Cases Adjudicated	75,988	58,905	51,940	57,483	49,739	48,684	342,739
Implementation rate (%)	59	65	63	62	59	70	63
Cases carried over	41,000	32,210	30,843	35,487	34,669	20,684	194,893

Despite some progress, the Judiciary Law continues to be inconsistent with Constitutional guarantees for judicial independence, leaving loopholes for interference by the Executive arm of the government. Moreover, the number of courts and staff remain inadequate for the volume of work, and technical capacities of existing staff (from judges to clerks) require further development. Statistics indicate that more than one third of the cases being considered before courts are inherently disputes over land ownership, which is an area in need of particular attention for related goals of combating corruption, enhancing the rule of law and creating an environment suitable for investment.

Table 4.2: Number of Courts 2000 & 2005

Indicator/Year	2000	2005
Courts of Appeal	17	20
Courts of First Instance	215	225
Courts of Public funds	5	5
Commercial Courts	5	5
Juvenile Courts	2	9
Tax Courts	0	3
Traffic Courts	4	7
Specialized Criminal (penal) Courts	1	1
Total	249	275

In order to promote justice and the rule of law, DPPR aims to accomplish 70% of the plan to develop and modernise legal and regulatory legislation and to increase the percentage of completed cases to 80% before courts of first instance and to 65% before appeal courts. In addition, an annual growth rate of 10% in enforcement of final verdicts is targeted. Furthermore, the number of Higher Judicial Institute's graduates will be raised by 10% a year for judges and prosecutors, and by 15% a year for support staff. It is also planned to automate work in 30% of commercial courts, prosecution courts of public funds, courts of appeal, and qualitative appellate court branches. Finally, the Judicial Inspection Commission is due to reduce imbalances in all courts by 90% by the end of 2010.

For the achievement of these aims, the DPPR promotes a wide range of strategies including the establishment of a Council for Judges' Affairs within the framework of the Higher Judicial Council, amendments to the Judicial Authority Law and merger of various commissions of judicial inspection under the umbrella of a single commission to be affiliated with the Council for Judges' Affairs. It is also necessary to deregulate procedures for litigation to enhance flexibility and efficiency, and to enhance the role of commercial courts in the settlement of commercial disputes. Finally, the DPPR seeks to increase women's participation in high and medium-level leadership positions in the judicial institutions and bodies.

Enhancing Security and Stability

Recent years have been characterized by a series of institutional, regulatory and legislative developments in the area of security. Most important of these are: finalising constitutional and legal procedures to amend the Law for Regulating Possession of Firearms, Ammunition and Explosives; the Nationality and Passports law; the Prisons Law; the Police Academy Law; the Police Commission Law; and, promulgating the law of civil defence fund and its by-laws. Moreover, several specialized agencies have been established including the Coastguard Commission, Public Administration for Combating Terrorism and Organized Crime, Public Administration for Drug Combating (Anti-narcotics Department), Public Administration for Criminal Evidence, Public Administration

for Women and Juvenile Affairs, Public Administration for Medical Services and Public Administration for Disaster (Control). The Ministry of Interior (MoI) has completed a four-stage Security Deployment Plan, including the establishment and enhancement of 220 security directorates, 18 security zones, 176 checkpoints along the highways between the governorates, and 4 surveillance centres along the coasts of the Red Sea and the Gulf of Aden. Approximately 573,000 thousand citizens received identification cards in 2005 as compared to 436,000 in 2000.

Table 4.3: Growth of Security Performance Indicators, 2000-2005

Indicators	2000	2001	2002	2003	2004	2005
Security Centres (Police Stations) and Facilities	457	467	509	554	570	597
Total Registered Crimes	24,066	25,810	24,866	24,406	22,960	34,121
Defendants/Suspects Registered in Crimes	12,599	24,054	26,283	25,865	30,575	39,024
Cases Remitted to Courts of First Instance	80,450	81,012	76,211	84,365	85,842	100,563
Cases Remitted to Competent Courts Above	NA	NA	6,135	6,597	8,892	9,498
Rehabilitation Studies and Courses Involving Security Personnel	81	143	485	855	566	1,610

The security sector suffers from a number of shortcomings such as the failure to respond adequately to complaints by citizens, procedural delays, and unprofessional practices. Furthermore, there is insufficient cooperation with judicial bodies. The proliferation of firearms and lack of modern, technical equipment at the central, governorate and district level presents additional challenges, as does the weak capacity of the Civil Status Service in registering the four types of vital statistical facts (births, deaths, marriage and divorce).

The DPPR aspires to cut the rates of all types of crimes by 5% per annum, increase security deployment by 10% a year, and accomplish 95% of the security deployment plan. In addition, ten new security agreements will be signed with friendly countries to enhance regional and international security cooperation, while 2,067 women are to be employed in all security sectors.

For the attainment of these goals, the DPPR promotes greater spread of security services throughout the country coupled with modernisation of the structure and capacities of the MoI and its different agencies. It intends to enhance cooperation between the sector and CSO's, and to develop security-related educational and training institutions. There is a need to upgrade the civil defence force, and to expand and regulate the deployment of judicial police, especially female officers. The Coastguard Service requires greater support in its anti-smuggling and unlawful infiltration activities, as do the Tourist Police. In conjunction, it is important to improve the conditions of prisons, especially women prisons, by transforming them into correctional and rehabilitation facilities.

Developing the Legislative and Legal Structure

In its first five years of operation, the Ministry of Legal Affairs (MoLA) has initiated a considerable number of legislative actions, promulgating 47 laws, 427 decrees, and 971 Cabinet resolutions. MoLA, however, faces many difficulties due to incomplete institutional structures, shortage of qualified staff and lack of modern information and documentation systems.

The DPPR intends to identify and archive 90% of the laws, regional and international agreements/conventions that Yemen signed during the period 1962- 1989, and 100% of those signed after 1990, and thereafter to adapt

all such laws and pieces of legislation to the regional and international agreements/conventions Yemen has signed. For the achievement of these aims, it is necessary to fulfil the capacity needs of MoLA, and to standardise legislative formats and automate MoLA's transactions. In addition, the establishment of a Centre for Legal Information is required, as are awareness campaigns in support of the legislative process.

Modernising the Civil Service and the State's Administration

The Civil Service Modernization Strategy is meant to address structural imbalances in the State's Administration in light of the Administrative Reform Program. During the SFYP, average new employment rates were maintained at 1.5% per year, limiting the total number of state employees to 471,461 in 2005 as compared to 436,351 in 2000. Also, the Government Services Manual was completed, and the Functional Fingerprint Project was implemented. In addition, 4,520 cases of double dippers were identified and retirement was imposed on all employees over the age of 60 and also those with a public service period of over 30 years. The four-phase National Strategy for Wages and Salaries was launched in 2005 with the aim of improving the quality of new recruits, addressing performance incentives and redressing regional and fair-wage discrepancies.

Box 4.3: Foundations of the National Strategy for Wages and Salaries

- Attracting/recruiting qualified expertise to work in the State's Administration
- Motivating employees to achieve excellent performance
- Ensuring the practice of rights, equality and transparency of procedures
- Addressing rural-urban disparities
- Addressing current imbalances in wages and salaries and achieving proportionality between the minimum wage and the poverty line

Table 4.5: Public Sector Employment Targets (2005-2010)

Description	2005	2006	2007	2008	2009	2010
Tenured public servants	465,387	471,461	481,121	489,408	496,564	503,453
New Recruits	13,272	13,400	13,000	12,800	12,500	12,150
Retirees	7,198	3,740	4,713	5,644	5,611	8,489
Total	471,461	481,121	489,408	496,564	503,453	507,114

The public sector, however, continues to face strong challenges related to the slow pace of restructuring, limited capacities, weak data and information systems, and lack of inter-agency coordination on retirement matters. The DPPR will continue with accelerated implementation of the Civil Service Modernization Strategy, employ 64,150 new public servants over the period (1.5% annual growth rate), and retire a total of 28,197 eligible staff. In addition, 15,000 surplus staff will be referred to the Civil Service Fund and a further 60,000 'double dippers' will be removed from the payroll.

These changes will be achieved as part of restructuring 20 public sector institutions, including the modernisation of the Ministry of Civil Service (MoCS). Civil service reforms will include redefinition of roles and responsibilities of agencies and public servants, an efficiency drive together with outsourcing initiatives, decentralization, greater gender parity in recruitment and participation, transparency and simplification of procedures. Furthermore, modern monitoring, information and telecommunications systems will be applied with greater emphasis on public office ethics and merit-based performance and reward systems. Other areas of concentration include better training initiatives and enhancements to the roles of the Civil Service Fund and the National Institute for Administrative Sciences.

Consolidating Control and Audit Systems

The establishment and development of the independent Central Organization for Control and Audit (COCA) in recent years has introduced an essential control mechanism over all areas, activities and processes that involve public funds. COCA has enhanced coordination between its bureau and branches, and produced the necessary directions and instructions/guidelines on operations and audit procedures at central and provincial levels. Moreover, 581 of COCA's staff members and bodies under its oversight have been trained on internal audit and inspection mechanisms, and a further 327 trained on public fiscal and audit systems. Over the past four years, COCA has referred 319 cases to Public Funds Prosecution offices, while 317 cases reported by various parties are currently being investigated by the organisation. However, a number of structural weaknesses have emerged, particularly in relation to coordination among organizations responsible for filing public funds corruption cases (Public Funds Attorney's Bureau), COCA (as a technical arm) and the Public Funds Court. Lengthy procedures, inadequate use of the latest technologies, lack of a clear mechanism for information exchange and poor mutual understanding of roles have hampered anti-corruption efforts.

The DPPR's goals for improved controls and audit system include a 95% rate of implementation in the control and audit of public funds and assets, and a 5% annual reduction in the incidence of corruption. For these purposes, further expansion and consolidation of the system's capacities is essential, as is enhanced relations among the concerned bodies. The Government aims to meet international standards on transparency and accountability in bidding and tendering processes within the period of the DPPR, and to improve cooperation with judicial bodies in implementing administrative and legal accountability. Also important are the development of standardized reporting mechanisms and a database that addresses the requirements of regular reporting and assists units in laying down their own performance evaluation methodology. It is also planned to expand COCA's remit to include privatisation programmes, development projects, foreign loans and provincial administration as well as matters related to performance evaluation.

Combating Corruption

Yemen's efforts at fighting corruption have resulted in a slight improvement in her 'corruption index' from 2.6 in 2003 to 2.7 by 2005, according to Transparency International (TI), which places the country 106th out of 159 countries where the corruption index has been measured. This was in part due to a Presidential Decree in 2003 to establish a Ministerial Committee to Combat Corruption. In year 2005, the Parliament ratified the United Nations Treaty to Combat Corruption and a decree was issued to that effect by the end of the same year. Chairs of parliamentary committees were allowed to summon ministers and governors without the need to go through the Presidency Commission. The government has also taken measures such as reducing the customs tariff to control smuggling and reducing and rationalising the use of expenditure under budget items. Nevertheless, several structural challenges remain. Excessive bureaucracy, complicated fiscal and administrative procedures, low salaries, a deficient regulatory framework and poor coordination among anti-corruption bodies are among the causes.

The DPPR seeks to spell out a well-defined and clear-cut environment for procedures to combat corruption, and to achieve an average of 4 points on the TI index, in line with GCC standards. Anti-corruption efforts are by

nature cross-cutting and wide-ranging, and relate to a number of aforementioned administrative and security reforms. In addition to these, specific measures are planned, such as the formation of an independent non-governmental agency to determine transparency and control criteria and to evaluate anti-corruption measures in the context of the recently adopted Financial Disclosures Law. An official committee is also due to be formed with members from relevant agencies with the remit to expedite the adjudication of filed cases. In addition, the DPPR includes a public awareness campaign on corruption together with an anonymous hotline to report cases of corruption.

Enhancing Human Rights

The Constitution of Yemen guarantees the political, social, economic and cultural rights of all its citizens, and includes safeguards against gender, age and environmental disparities and discrimination. Yemen is also a signatory to a host of key international conventions relating to women, refugees, children, torture, banned weapons, labour and civil and political rights, and monitors and reports on its national and international obligations through the Ministry of Human Rights (MoHR) in collaboration with CSO's (147 NGO's registered in the field). Also related are the Committee on International Humanitarian Law, the National Committee for Refugees Affairs, and the Higher Committee for Prisons and Prisoners Affairs as well as various *ad hoc* committees and higher councils that deal with children and women's issues such as the Higher Council for Women, National Committee for Women and the Higher Council for Maternity and Childhood.

MoHR has been proactive in correcting the legal, health and security status of inmates and has carried out several visits to central and temporary detention centres (prisons) and social care houses to pave the way for necessary reforms. The Ministry also participated in coordinating and supervising the Children's Parliament elections in 2004, played an instrumental role in amending the Press Law, and lobbied for the decree that prevents the incarceration of journalists. However, the threat of rising poverty poses a serious challenge to improvements to human rights and freedoms in Yemen. Hence, current efforts are focused on safeguarding basic rights and dignity for all, at a time when the demand to promote a civilized and qualitative development of rights and public and private freedoms is on the rise.

Box 4.6: The General Framework of the Project for the National Strategy for Enhancement of Decentralization

Goal:

The strategy aims at developing a local authorities regime that is professional, interacts with its context, provides best public services and improves economic and social development processes to achieve good governance.

Pillars of the Strategy: In its confrontation with the weaknesses and threats that engulf and limit the effectiveness of the local authorities regime, the Strategy rests on the strengths and required conditions needed to create the appropriate groundwork for growth and moving forward towards achieving the desired goals. These foundations are realized through:

1. Providing one of the most significant physical conditions necessary for the work of local authorities through establishing public (government) complexes in the administrative units at the governorate and directorate levels.
2. Making available the cadres capable of managing the local authorities planning and implementation activities in the administrative units.
3. Developing the knowledge and perceptions of the executive bodies and local council members in terms of the concepts and contents of the local authorities legislation and State's public policy, laws and regulations.
4. Achieving consistence between the Law on Local Authorities and the other laws.
5. Enacting a law that regulates the administrative division of the Republic of Yemen.
6. Developing a local financial management that is characterized by efficiency and transparency, and achieves increasingly the development of local resources.
7. Enhancing the central supervisory function over the works of local authorities.
8. Enhancing female involvement in managing local affairs.
9. Expanding the scope of public awareness to introduce decentralization and the local authorities regime.
10. Developing the Law on Local Authorities to keep pace with the developments, recommendations of the annual conferences of local councils and the necessities of this Strategy.

The DPPR seeks to enhance and support human rights in all areas, including improvements to the conditions of detention centres and male, female and adolescent detainees in all regions, and combating child trafficking. Enhanced participation of civil society and international agencies in the promotion of human rights, and involvement of CSO's in national human rights reporting and shadow reporting are also prioritized by the DPPR.

For the achievement of these aims, it is intended to complete the development of an enabling legislative framework that guarantees citizens' rights and freedoms, and provides them with access to basic needs. In tandem, public awareness-raising initiatives and requisite training and manuals will be provided for enforcement agencies as well as for related CSO's and specialized human rights cadres to act as local and international monitors. To extend the national knowledge base, specific studies and surveys will be commissioned to evaluate the status of human rights, while the media and the general public will be encouraged to play a larger role in monitoring the performance of various national governmental and private institutions. Moreover, special initiatives for promoting concepts of democracy and human rights among the youth will be launched, such as revisions to school curricula and textbooks.

Supporting Democratic Practice and Political Participation

As a unified country since year 1990, Yemen is a nascent and growing democracy. Yemen's Strategy Vision 2025 aspires to entrench democratic practices in society, through *inter alia* normalising competition through polls and employing the election process as a tool to achieving development and peaceful rotations of power. As part of this vision, the DPPR aims to ensure timely and regular general, presidential, local and parliamentary elections, and to designate a minimum of 10-15% of local and parliamentary seats for women.

These goals will require a number of inter-related and strategic initiatives such as finalisation of the institutional structure and organizational chart and associated training for the staff of the Higher Committee for Elections and Referendum with appropriate representation for women. In addition, it is necessary to update the division of constituencies in light of the latest census results together with public awareness of programmes on democratic concepts and citizens' participation. In tandem, work is needed on broadening the participation of all political entities and organisations at the grassroots levels, and to enhance the partnership between the Higher Committee for Elections and Referendum and CSO's with a monitoring and evaluation role for the latter.

Strategy and Policies for Decentralization and Local Development

Despite the positive outcome brought about by the four-year experience that followed the implementation of local authorities' financial and administrative decentralization, these authorities did not contribute to the economic and social development as desired. Rather, their activities in this regard were restricted to basic services and infrastructure projects.

For the local authorities to play their developmental role as provided for by the Law on Local Authorities, the State's central bodies have to take part in building the capacity of local authorities and to support them with the required financial resources. The specific roles and responsibilities of local authorities in the area of planning for

development, planning and implementation must be clearly delineated, and adequate coordination mechanisms established with the Ministry of Local Administration (MoLAd) and the Ministry of Planning and International Cooperation (MoPIC) to provide the specialised technical cadres needed for the local councils in this regard. Specialised training programs for local staff in the fields of planning, development and finance need to be prepared and carried out. It is also necessary to enhance coordination between the various governmental and nongovernmental bodies involved in local community development, as well as with the donors; and activating the donors' contributions in the efforts of local development and integrating these efforts within the plans of the administrative units. Also needed is approval of proposed amendments to the *Zakat* (Alms Giving) Law and promulgating a law for local authorities financial resources. Accounting units must be rationalised and better mechanisms established for the transfer of funds from specialised funds to local authorities. The option to establish a central bank specifically for the local authorities finances should be considered, and a standard for monitoring and evaluation of local authorities' performance must be developed. Finally, it is planned to furnish the Centre for Studies and Training of Local Authorities at MoLAd with the requisite tools and equipment required for it to do its job.

Local authorities, in turn, need to concentrate on improvements to their capacities on several fronts, mobilize their financial resources, and involve the private sector, civil society, donors and all local entities in the processes of planning, implementation, follow up and evaluation of local economic and social development plans. The process also requires training for MoPIC and statistical office cadres located in governorates' offices, particularly in areas related to the development of yearly and medium-term development plans for governorates and districts. The role of *add hoc* local council committees, particularly those related to finance and planning tasks must be strengthened with improved coordination with the Ministry of Finance (MoF) at the governorate level. Revenue generation and collection capacities and systems need to be enhanced, and related regulations developed together with the requisite training for local authority staff.

On the legislative front, a number of contradictions between the Law on Local Authorities and pre-existing laws need to be resolved, and the roles of the Ministerial Committee and the Technical Committee for Supporting Decentralisation strengthened, *inter alia*, through the establishment of a technical secretariat to support decentralisation efforts.

Human resource management and development at the local authority level requires special attention. This includes preparation of job descriptions and classifications for local bodies; and redistribution of manpower in light of functional requirements including in relation to surplus labour in the central bodies to provide the cadres needed for local authorities. The incentives regime should also be revised to help retain and motivate local authority staff together with the introduction of proper performance evaluation systems. Targeted support and training is also needed for staff at the provincial and district levels.

In addition to the above, it is essential to complete the construction of local authority complexes to house the local council and branches of the executive bodies, and to provide the requisite office furniture and equipment. These efforts should also be supported by the development of an integrated information system for all governorates to be connected to MoLAd and the line central bodies.

Chapter 5: Productive & Promising Sectors

Yemen Strategic Vision 2025 includes a set of long-term goals, the achievement of which is highly dependent on economic diversification and productive growth, particularly in non-oil, sectors. These sectors include manufacturing and mining, fisheries, tourism and agriculture sectors, and growing proportion of the products of which are planned to be exported to regional countries as part of the process of qualification for accession to the GCC. Simultaneously, the plans include establishing complementary strategic partnerships in the oil, gas and petrochemical sectors, and benefiting from the comparative advantage of the Free Zone at Aden, in addition to making Yemen an attractive spot for GCC citizens' tourist investments.

The Agriculture Sector

The agriculture sector – including plants, animals and forestry - plays a fundamental role in achieving food security, increasing the GDP, diversifying the economic platform, creating job opportunities and reducing poverty, particularly in rural areas. Agriculture is the main direct or indirect source of income for 73.5% of the population in Yemen, making up 20.5% of the GDP, employing 31% of the labour force and accounting for 56.6% of non-oil exports during the period of the SFYP (2000-2005).

The overall average of cultivated areas in all governorates of the country increased from 68.5% of the cultivable land in 2000 to 81.9% in 2005. This average varies among governorates; Marib, Al-Mahweet, Al-Hodiedah, Sa'adah, Ibb, Abyan, Aden, Al-Maharah and Al-Jawf governorates achieved the highest percentages of cultivated areas - ranging between 68.9% and 97.3% - whereas the percentage in the rest of the governorates dropped below the overall average. However, total area of cultivable land does not exceed 1.5 million hectares (or 2.5% of the country's total area), 1.2 million hectares of which were cultivated in 2005, characterized by 1,180 small land holdings (averaging at about 1 hectare per holding) mainly by individuals and families. 53.6% of cultivated land depends on rainfall, 34.3% on ground water, 7.5% on streams and 3% on basins/ponds (*ghyool*).

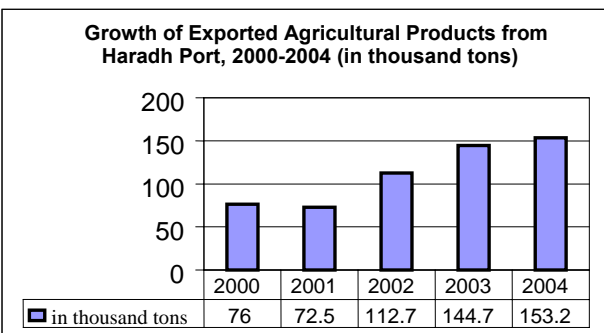
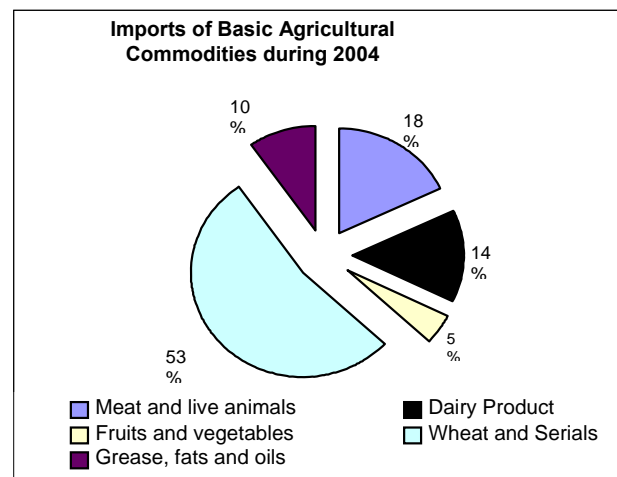


Table 4.6: Arable and Cultivated Areas by Governorate, 2000-2004 (in Hectares)

Description Governorate	2000			2004		
	Arable	Cultivated	Proportion cultivated (%)	Arable	Cultivated	Proportion cultivated (%)
Ibb	101,521	81,846	80.6	53,224	66,433	124.8
Sana'a City (Mayorality)	...	...	...	8,725	6,559	75.2
Al-Baydha	75,895	24,997	32.9	69,520	35,030	50.4
Al-Jawf	69,594	47,916	68.9	90,972	40,038	44.0
Al-Hodiedah	336,613	307,924	91.5	314,777	266,262	84.6
Al-Dhalea	...	...	...	14,009	13,307	95.0
Al-Mahweet	29,168	27,175	93.2	21,726	24,466	112.6
Al-Maharah	1,449	1,012	69.8	3,368	2,434	72.3
Abyan	38,474	30,090	78.2	60,757	48,451	79.7
Taiz	123,432	65,177	52.8	58,117	72,971	125.6
Hajjah	124,594	58,133	46.7	136,815	122,613	89.6
Hadhramout	39,785	22,211	55.8	51,715	37,634	72.8
Dhamar	138,200	88,997	64.4	103,295	96,390	93.3
Raimah	...	...	...	13,519	19,680	145.6
Shabwah	21,215	9,106	42.9	49,373	19,870	40.2
Sa'adah	61,030	53,448	87.6	40,721	37,242	91.5
Sana'a	380,726	213,138	56.0	136,596	132,568	97.1
Aden	3,935	3,026	76.9	2,834	1,580	55.8
Amran	...	...	...	107,098	84,884	79.3
Lahaj	32,017	20,499	64.0	26,390	29,772	112.8
Marib	91,190	88,746	97.3	88,886	30,704	34.5
Total	1,668,838	1,143,441	68.5	1,452,437	1,188,888	81.9

Sectoral growth during the period of the SFYP averaged at 2.9% per year against a target of 6.1%, due to unfavourable climatic conditions, difficulties in marketing and storage of agricultural products and reduced private sector investment. Qat cultivation grew at the expense of other crops to compose 10.6% of all cultivated land in 2005 compared to 9.1% in 2000, while close to 22% of households do not enjoy food security, and around 7% are at risk of extreme hunger (2003). The production of cereals dropped significantly, followed by a fall in money crops though these were compensated for by increased production in other crops.

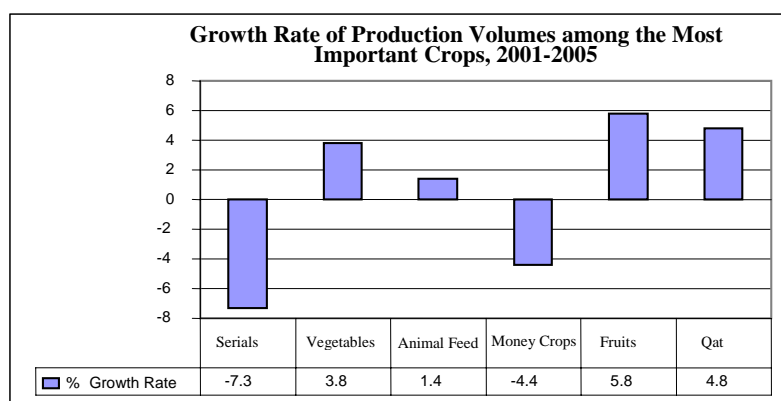
The per-hectare productivity of cereals dropped in all governorates in various percentages save for Lahaj Governorate, where cereals production was stable at 0.7 ton/hectare during 2000-2004. The per-hectare productivity of fruits, vegetables, money crops and animal feed varied in all governorates. Reasons behind this disparity include rare and scarce rainwater in some seasons, infestation of some pests and weak performance of agricultural research and extension centres in terms of playing their role, particularly in producing both improved/modified high-productive and pest-resistant seeds and hybrid seedlings. In addition, other reasons include the weak role of agricultural extension for farmers regarding the use of fertilizers and pesticides, lack of using modern irrigation methods and not observing the designated best time to cultivate various crops. Moreover, the problem of preserving, storing, packing and packaging of fruits and vegetables persists and hinders the increase of agricultural exports and exposes large quantities to damage.

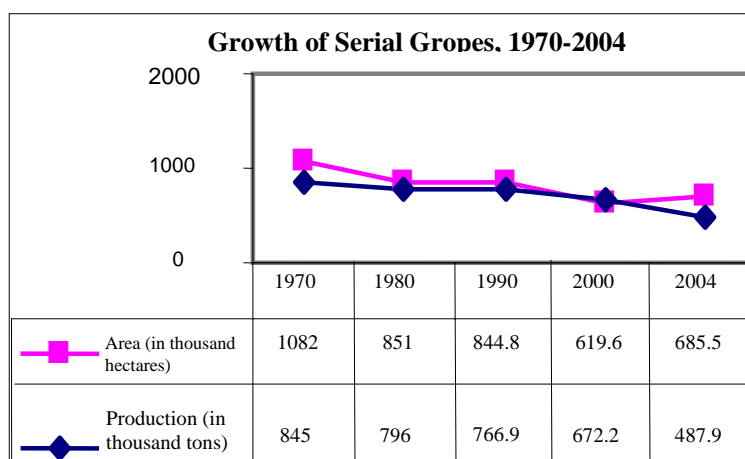
Total government capital and investment expenditures are estimated at around YR28.4 billion for the period 2000-2005. In year 2004, wheat and cereals composed 53% of agricultural imports, followed by meat and live animals (18%) and dairy products (14%).

Table 4.7: Productivity of Agricultural Crops in 2004 per Governorate (in tons/hectare)

Governorate	Cereal	Vegetables	Fruits	Legumes	Money Crops	Animal Feed	Total
Al-Hodiedah	0.6	10.8	10.4	2.1	1.4	0.9	26.1
Sana'a	0.8	15.9	6.2	1.1	0.5	3.0	27.6
Dhamar	0.8	12.5	8.2	1.2	0.5	1.2	24.4
Ibb	0.9	13.1	9.2	1.7	1.1	13.2	39.3
Taiz	0.7	17.3	9.7	2.1	0.7	1.0	31.5
Marib	0.8	11.5	10.7	0.9	0.9	0.4	25.2
Hajjah	0.6	10.3	14.3	2.0	1.1	3.6	31.9
Al-Baydha	0.7	13.1	4.5	1.6	2.6	21.1	43.5
Sa'adah	0.7	12.9	8.3	1.9	0.9	1.1	25.8
Al-Mahweet	0.7	8.2	5.8	1.7	0.6	29.5	46.6
Lahaj	0.7	7.1	9.1	1.3	0.7	1.0	20.0
Abyan	0.7	6.2	14.7	1.2	1.1	1.9	25.8
Hadhramout	0.8	9.5	4.1	2.1	1.6	0.2	18.3
Al-Jawf	1.3	12.0	9.3	1.5	1.0	0.4	25.5
Shabwah	0.8	11.5	7.4	2.3	1.1	0.2	23.2
Al-Maharah	0.7	12.6	2.1	2.1	1.0	0.0	18.6
Aden	0.8	10.8	12.4	2.1	1.2	0.3	27.5
Amran	0.6	15.1	8.6	1.3	1.0	26.5	53.0
Al-Dhalea	0.7	18.0	9.6	1.5	1.0	21.9	52.7
Sana'a City (Mayralty)	0.7	11.4	8.1	1.1	1.0	15.3	37.7
Raimah	0.7	12.0	21.1	2.2	0.4	3.4	39.8
Total	0.7	12.4	9.2	1.6	0.9	1.5	26.4

In light of limited water resources, the development of the agriculture sector depends mainly on developing rain-fed agriculture methods and improving irrigation efficiencies. Most land holdings depend on traditional and outdated agricultural methods, which lead to continuous low production and productivity. This situation reflects negatively on small farmers, low-income households and the poor, be they producers or consumers. High rates of population growth and relative poverty cause increased demand for food production and add pressure on water and land resources. Other challenges include inefficiencies in irrigation and water harvesting, poor maintenance and rehabilitation of agricultural terraces and poor soil fertility. In addition, lack of accurate data hinders quality planning. Insufficient financial services and resources, and declining private sector investments and limited role of farmers associations also contribute to low productivity. Women have particularly poor access to relevant information and training related to production and marketing as well as environmental protection issues.





The DPPR's goals for the agriculture sector at the macro level include increased efficiencies and an average annual growth rate of 4.5% with due attention to environmental sustainability, increased income from agriculture through developing/promoting rain-fed agriculture and building dams and water dikes, and increased plant and animal production, averaging at 4.6% and 5% annual growth, respectively. To this end, it is necessary to restructure the sector and to integrate and rationalise the roles of various institutions involved in its management with a decentralised approach based on a revised and conducive regulatory framework, and supported by requisite training of relevant staff coupled with an enhanced role for CSO's such as the Agricultural Cooperatives Union. Increased investment, concentration on expansion of exportable money crops, better market orientation and adaptation of proven marketing strategies are also needed, as is a better integration of honey production into the sector. Promising sub-sectors such as sunflower production merit further development, supported by related marketing studies and technical research that also necessitates the development of sound information management systems. More strategic use of loan facilities for SME's, greater involvement of women in the money economy and special initiatives and projects backed up with tailor-made credit and marketing facilities are also needed. The agricultural cooperative sector should be expanded and the programme for the privatisation of public agricultural corporations completed. In addition, pests, pesticides and epidemics control initiatives need to be strengthened and implemented.

Box 5.1: Developing the Cultivation of the Sunflower

Experiments conducted by the Public Corporation for Proliferation of Seeds have proved successful in growing sunflowers in the governorates of Dhamar and Hadhramout with a 675% yield in the former and 607% in the latter. The National Program for Developing and Manufacturing Sunflower Yield endeavors to reduce cooking oil imports, increase agricultural production and expand the platform of integration between the agricultural and industrial sectors, in addition to creating job opportunities and achieving food security. The DPPR aims at expanding sunflower cultivation to 11.5 thousand hectares and producing 31 thousand tons of oil. The crop will be cultivated in four regions:

- 1- Coastal Plain Region (Abyan and Lahaj)
- 2- Central and Northern Heights Region (Sana'a and Dhamar)
- 3- Southern Heights Region (Taiz and Ibb)
- 4- Eastern Plateau Region (Hadhramout, Al-Jawf and Marib)

Plant production ranks first among domestic agricultural products. Cereals (60.5% of total cultivated), fruits and vegetables (12.8%), qat and animal feed (10.3% each) and money crops (6%) represent the bulk of production with maize being the single most common crop (40% of areas). Trends over the SFYP period indicate significant

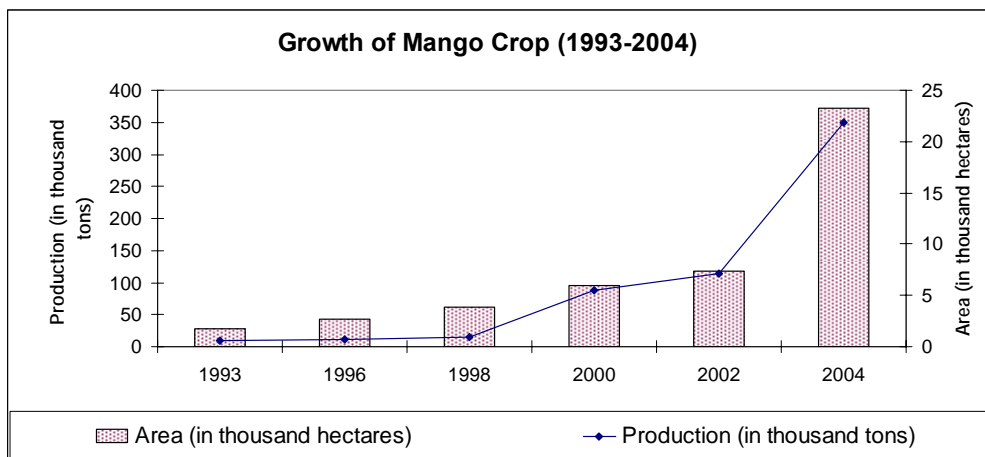
annual reductions in the production of money crops (-4.4%) and cereals (-7.3%), whereas improvements were recorded in the production of animal feed (1.4%), vegetables (3.8%), qat (4.8%) and fruits (5.8%) with mango production showing a near 350% increase over the period 2002-2004. Steady reductions in areas and volumes of cereal production have been recorded for close to four decades with 2004 levels being close to half those of 1970. Production is characterized by poor yields per hectare especially in rain-fed valleys and mountains that use traditional methods, whereas irrigated crops have relatively higher yields. Gaps in wheat and Syrian corn production are severe, with a 90% shortfall in local production that is compensated for by imports.

The DPPR aims to provide food security in all agricultural products, and cereal production in particular as the latter constitutes the main staple food for the poor. Annual production increase targets include 4.6% for aggregate plant production, comprising 3.5% for cereals, 4.4% for vegetables, 3.6% for legumes, 2.5% on animal feed, 4.1% for money crops, and 7.3% for fruits. To achieve these goals, modern techniques will be introduced into rain-fed areas supported by research activities to develop modified and rain-fed-conducive species as well as drought-resistant types. Concentration on strategic production and marketing methods is required with special attention to fruits and money crops for export (mango, palm trees, olives, coffee, sunflower and honey). In addition, expansion of greenhouse methods and regulation and more rational use of fertilizers and pesticides are needed.

Box 5.2: Food Security in Yemen

During the World Food Summit in 1996, consensus was reached that "food security is considered available when all people get a sufficient and safe source of food and in quantities that meet their food needs so that they can perform the activities of life in a vital and productive manner." In light of this agreement, the Government of Yemen, in coordination with the World Food Programme, carried out the Mapping and Information Survey of Absence of Food Security in Yemen in 2003. The following are among the most significant findings of the survey:

- More than half a million households - 21.8% of total households in Yemen - lack food security
- Around 13.8% of households suffer from the absence of food security, but with acceptable levels of hunger
- About 6.9% of households are at risk of extreme hunger



Animal production constitutes 20% of the total value of agricultural production. 17.2 million sheep, goats, cows and camels graze over 22.6 million hectares of pastureland, which constitutes 40% of the total area of Yemen. Although the country has achieved total self-sufficiency in eggs, 50% of consumed meat is imported (at YR28 billion per year), and another YR22 billion is spent on importing dairy products, equivalent to 25% of total agricultural imports. With the exception of rapid growth in poultry related investment and production, animal

production is characterized by low productivity and traditional production methods that cause soil erosion and land degradation of the land during the last three decades. Other challenges lie in the weak purchasing power of the poor and low-income people which prevents them from consuming various kinds of animal products and proteins.

The DPPR seeks to increase animal production at rates above those of population growth, with an average of 7% during (2000-2010) for red meat, 10% for poultry and 5% for milk, eggs, honey and animal-skin leather. These targets would require improvements to local breeding practices to obtain highly productive species and encourage rural women to revive traditional and cooperative activities in animal husbandry. In addition, improving animal productivity and veterinary care, increased growing of high-nutrition animal feed crops and spreading the use of fodder concentrates would be needed. Furthermore, rangeland areas must be developed and farms will be encouraged to produce poultry feed by using available raw materials. It is also intended to establish associations of dairy producers, and to promote small scale production by small farmers coupled with animal extension programmes targeting rural women in terms of nutritional and care methods. Finally, the DPPR includes expanded campaigns for control of animal diseases and epidemics, improved access to internal and external veterinary quarantine services, and improvements in veterinary training and knowledge among owners and producers of livestock.

Box 5.3: The Dairy Industry: A Promising Source for Improving Rural Livelihoods

Dairy products are important sources for improving nutritional health and raising incomes among the rural population, particularly the poor. Studies indicate that the average per capita consumption of milk is 10 grams/day compared to the 100 grams needed, which is equivalent to a total of 1.8 million metric tons of milk. Seventy-one thousand tons were imported in 2004 to supply local demand that is rapidly growing.

The Rain-Fed Agriculture and Animal Wealth Project, funded by the World Bank and others, includes enabling farmers to develop their dairy products through the following:

- Offering production inputs services to farmers by improving the quality of animal feed
- Establishing dairy product plants in directorates
- Developing a basic network for storage and transportation to facilitate marketing the dairy products and dealing with the seasonal surplus of supply and demand in various areas
- Establishing a regulated market for dairy products through selling them in specific shops at affordable prices
- Developing pre- and post-economic activities connected to all stages of production and marketing of dairy products
- Establishing an effective regulatory body in villages, directorates and governorates to guarantee universalisation and sustainable economic feasibility of the dairy industry

Forests and woodlands cover about 27% of the total area of Yemen (12.2 million hectares) which comprise many rare species of trees and other plants of tremendous ecological and economic value. This natural resource suffers significant damages due to excessive cutting of trees for fuel and construction purposes that lead to desertification, environmental degradation and loss of biodiversity, exacerbated by unclear land tenure laws. Yemen's forests have the potential to provide a sustainable source of wood for various purposes, and the DPPR's vision is to promote the positive economic and environmental characteristics of this valuable resource, thus aiming to preserve existing resources and to increase the number of nature reserves to twenty.

Box 5.4: Land Degradation and Desertification

The results of a study conducted to assess land degradation in Yemen estimated the area of land degraded through water erosion to be about 5.1 million hectares, whereas the area of wind-eroded land was estimated at 5.8 million hectares. Different topographies were also estimated as follows:

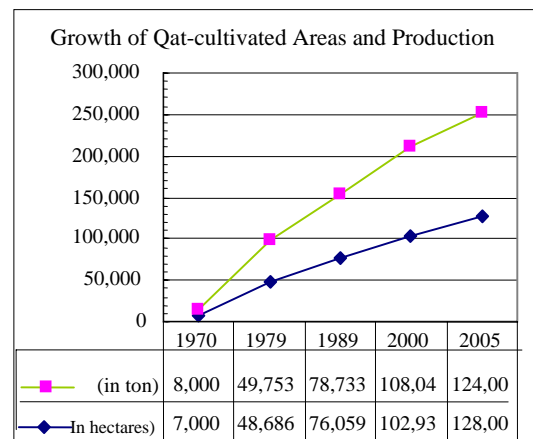
- Sand dunes (about 8 million hectares)
- Desert areas (4.9 million hectares)
- Rocky areas (28.2 million hectares)
- Mountainous terrace areas (662 thousand hectares)
- Forests and wooded areas (272 thousand hectares)
- Wetland areas (48 thousand hectares)

Overall, the phenomenon of desertification of lands is one of the main reasons for the degradation of the ecosystem, low productivity, human suffering and sluggish economic development.

(Source: Study on Assessment of the Degradation of Land in Yemen, 2002).

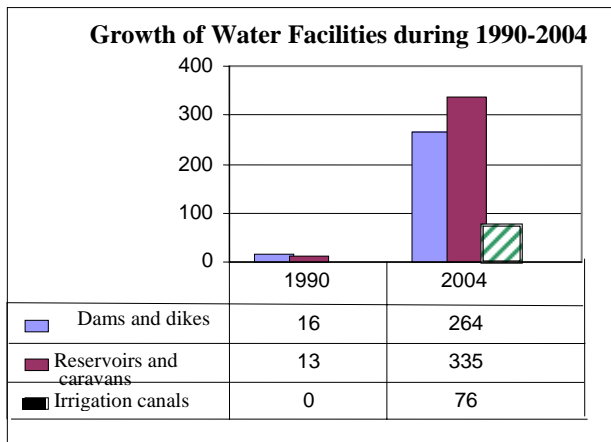
The strategy for the achievement of these aims includes promotion of re-forestation with the provision of forest and pasture seedlings in expanded areas coupled with the establishment of nature reserves to conserve plants' biogenetic origins and protect the bio-habitat. Moreover, the legal framework to protect forests and natural rangeland must be developed, and improvements made to their management with the involvement of local communities and relevant NGO's. Farmers will be encouraged to plant wind breakers and construct terraces and water-falls systems. In addition, it is planned to encourage school, university and societal activities to grow green areas and parks in tandem with initiatives to plant green belts around urban centres in coastal and desert areas. Finally, it is intended to provide regulatory and other enabling support to the private sector to invest in health spas and tourist resorts in forest areas.

The 'Qat Phenomenon' needs special attention due to its growing and far-reaching consequences. Areas cultivated with qat (*Catha edulis*) have doubled 18 times during the last three decades, growing from 7 thousand hectares in 1970 to 127 thousand hectares by 2005, which represents 25% of irrigated agricultural land, and accounts for half a million jobs. Production has also increased from 108 thousand tons in 2000 to about 124 thousands in 2005, constituting about 30% of the annual agricultural water usage at around 850 million cubic meters per annum. The steady and strong rise of qat production has had impact on food security and resulted in an economic pattern that the rural areas have become dependent on in an unprecedented fashion. A great number of the poor and low-income people consume qat at the expense of their basic needs. Studies indicate that spending on qat (at YR250 billion a year) accounts for 26% of household incomes, ranking second to food items. In addition, it is estimated that 20 million working hours are lost every day due to qat consumption habits. On the other hand, qat supports rural livelihoods and incomes together with a distribution and marketing system that extends to urban centres. Qat production also helps to prevent soil erosion, and its use has significant social dimensions. However, misuse of pesticides is detrimental to both the environment and qat consumers.



The DPPR aims at addressing the qat phenomenon in an objective and gradual fashion while striking a balance among all its economic, social, health and environmental aspects, as well as on both the supply and demand sides. It is therefore aims to conduct further economic and social research studies, and to identify alternatives with the goal of limiting production to about 10% of planted areas. The implementation strategy for these goals includes promotion of economically and socially viable alternatives and encouraging scientific research on qat through a strengthened Qat Research Unit with the requisite database. In addition, it is necessary to develop techniques to help reduce the use of harmful pesticides and improve efficiencies in the use of water. Finally, one aim of the plan is to prohibit qat consumption in government institutions and military and security bodies.

Yemen's water scarcity ranks amongst the severest in the world, and constitutes the biggest obstacle in the vertical and horizontal expansion of agriculture that is excessively dependent on irregular rainfall and susceptible to recurrent droughts. An improvement in irrigation techniques is crucial to the development of the agriculture sector, which accounts for 91% of all water usage. Of this, 53.6% is not irrigated, 34.3% is well-irrigated, 7.5% from streams, and 4.6% comes from ponds (*ghyool*). Total irrigated agricultural land stands at around 488,000 hectares.



Recent years have seen major efforts at improved water resource management. In 2004, there were 264 dams and dikes, 335 reservoirs and caravans and 76 irrigation canals as compared to 16, 13 and 0 respectively recorded in 1990. However, water depletion and overuse, random drilling of wells, continued traditional irrigation methods and the absence of modern irrigation systems are among the causes of inefficiencies. The DPPR aims to increase the efficiency of water irrigation by 75% and cut water losses by 50% by 2010. These aims will require the construction of more dams and dikes, and enhanced use of water harvesting techniques. Also needed are changes to prevalent agricultural practices and processes in favour of modern irrigation techniques such as piped supplies and drip irrigation, and the application of economic feasibility studies in the choice of crops. Water monitoring networks must be established, additionally, water treatment and recycling facilities, including the expansion of green zones and reductions in environmental pollution from urban and rural wastewater. Beneficiary and civil society operation and management of irrigation facilities will be increased through the formation of water users' associations.

Box 5.5: Wastewater Treatment and Recycling

Using treated sanitation in different applications is one of the strategic alternatives for renewable water with important environmental and economic benefits. In addition to its use in irrigating crops and reducing the water deficit, recycled water has chemical elements that increase productivity, reduce harmful elements in the soil and groundwater and minimize the need for fertilizers. The volume of wastewater that pours into the treatment plants – the mechanical and the oxidizing basins - in ten major and minor cities is some 170 thousand m³/day. By the year 2010, it is projected that the figure will increase to 370 thousand m³/day after projects to enlarge 5 major networks and building new plants in 13 cities are completed. Good usage of those quantities and exploiting them according to specifications will make it a pivotal source for irrigation. Currently, these volumes make 2-3% of the total annual consumption of groundwater, which can be increased to 5-7% upon completion of the new projects.

The fisheries sector

The *fisheries sector* is among the most promising in Yemen with significant food security and poverty reduction value for 400,000 fishermen and others involved in the sector together with greater potential and diverse investment opportunities in fishing, processing and exporting. Traditional fishery production volume increased nationwide from 99 thousand tons in 2000 to 238.8 thousand tons in 2005. Exports quadrupled in volume and sextupled in value over the period of the SFYP (constituting 13.2% of non-oil exports in 2005). The sector's production levels grew by 22.2% on annual average, outgrowing, thus, the planned rate of 13.1%. This growth is

attributed to increases in the number of traditional fishing boats and growing private sector investment in marketing and storage services. Added to that is the expansion of the activities of the Cooperative Union for Fishing, especially in improving the efficiency of production, exporting and internal and external marketing with particular success in Hadhramout Governorate, where three firms produce canned tuna fish with a total production capacity of 30 million cans a year. Estimates indicate that the size of fish stocks is about 850,000 tonnes, allowing for an annual production of 350-400 thousand tonnes vis-à-vis actual production levels at below 290 thousand tons in 2005.

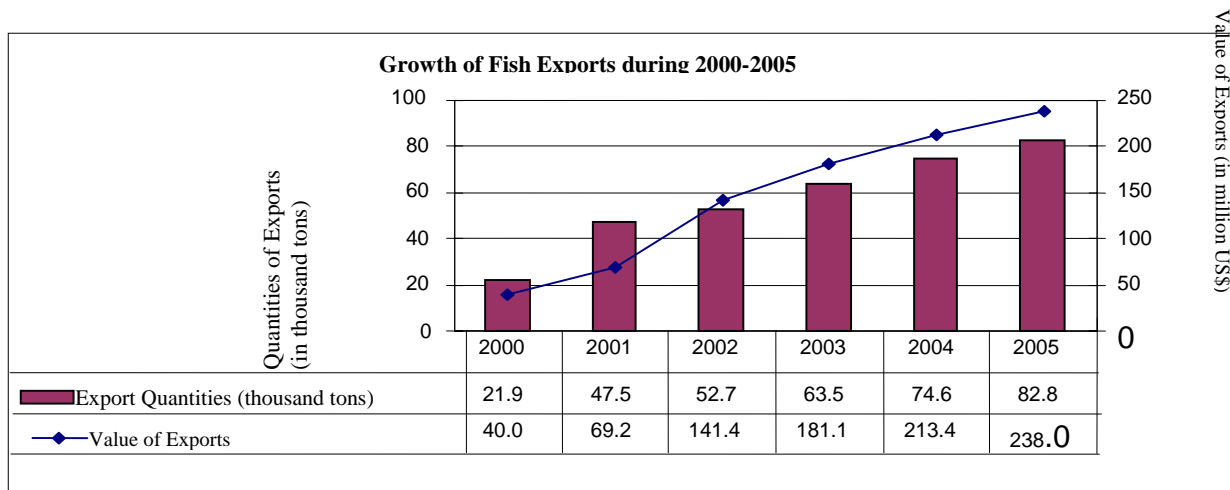
Al-Maharah Governorate came in first as it contributed 41.5% of realized fishery production, followed by Hadhramout (27.4%), Al-Hodiedah (9.0%), Shabwah (6.0%) and Abyan (5.9%). By contrast, quantities of production in Lahaj, Aden, Taiz and Hajjah made 10.1% only of total production.

Average growth rate of fishery production reached 15.6% during 2000-2005. Shabwah Governorate well passed that rate as it achieved 45.4%, followed by Al-Maharah (43.4%) and Hadhramout (12.9%). Conversely, growth rates in Aden and Al-Hodiedah dropped to (-6.2%) and (-5.1%) respectively.

Table 5.1: Volume of Traditional Fishery Production by Governorate, 2000-2005

Governorate	2000 (thousand tons)		2005 (thousand tons)		Average Annual Growth
	Quantity	%	Quantity	%	
Al-Maharah	14.0	14.1	98.1	41.5	43.4
Hadhramout	30.4	30.7	64.7	27.4	12.9
Shabwah	1.9	1.9	14.3	6.0	45.4
Abyan	12.9	13.0	14.0	5.9	-1.2
Lahaj	0.0	0.0	7.3	3.1	-
Aden	13.9	14.0	11.7	4.9	-6.2
Taiz	2.0	2.0	3.6	1.5	9.4
Al-Hodiedah	23.9	24.1	21.3	9.0	-5.1
Hajjah	0.0	0.0	1.5	0.6	-
Total	99.0	100.0	236.5	100.0	15.6

* Excluding industrial fishing and private firms and institutions' production.



The higher growth of fishery production in certain governorates is due to the implementation of numerous projects essential for fishery wealth as well as to the efficiency of exploiting that wealth. Decline in the production of other governorates is attributed to the following:

1. Low services provided to fishermen
2. Weak credit facilitation offered to fishermen
3. Low training on the use of modern fishing methods
4. Uncompleted the studies about the fish stocks reserves
5. Non-implementation of fishery projects by the private sector

Key challenges to the development of the fishery sector include limited capability of the fishing fleet and the predominance of traditional practices and techniques, and poor quality of infrastructure services and equipment. The DPPR's vision is to make optimal and sustainable use of fishery resources for economic development and poverty reduction in coastal areas. Targets include increasing production by an average of 7% a year and raising the sector's GDP share to 2.2% by 2010. Fish exports are to be increased by 9% per annum, with per capita consumption of fish to be raised up to 15 kg's per year by 2010. The government's strategy for the achievement of these goals includes requisite revisions to the regulatory and legislative framework and improvements to the knowledge base. Fish stocks must be protected against unsustainable fishing and polluting practices with the establishment of effective marine control and inspection systems. Modern fishing ports and services are to be constructed, and managed by fishery cooperatives. Road networks to ports will be upgraded as will related market infrastructure together with processing capacities for exports. It is also intended to enhance the capacities and (local and regional) networks of the sector's cooperatives, install requisite quality control mechanisms and further encourage local and foreign private sector investments with greater attention to the role of women in coastal areas.

Box 5.6: Project for Management and Preservation of Fishery Resources

The GoY received US\$25 million from the International Development Agency (IDA) and US\$7.5 million from the European Union for the project "Management and Preservation of Fishery Resources", which aims at improving incomes and increasing job opportunities through the following:

- Enhancing structural and institutional reforms in the sector
- Developing the infrastructure at fishing sea ports, capes and berths along the shores of the Red Sea, Gulf of Aden and the Arabian Sea, in addition to constructing and paving domestic roadways that lead to sea ports
- Updating the marine control and inspection system
- Improving the quality of fishery production by offering financial services to construct and rehabilitate ice factories and model auction facilities at delivery locations that meet the requisite quality requirements and specifications
- Developing fishery exports to facilitate integration within the global market

The Oil and Mineral Sector

Despite an average annual 2.7% reduction in production levels over 2000-2005, *extraction and export of crude oil* continues to be the largest sector contributing to public revenues, averaging at 70.4% over the period of the SFYP. In year 2005, the sector comprised 12.4% of the GDP and 92.9% of all exports with an estimated production of 148.85 million barrels. Higher crude oil prices coupled with extensive exploration and investment in new extraction projects and refineries (e.g. in Hodeidah and Hadhramout) in partnership with local and foreign private sector companies continue to compensate for reduced

Box 5.7: Major Private Sector Oil Investment Projects under the DPPR

Local and foreign private sector companies have carried out oil exploration, excavation, extraction and production projects in more than 14 sub-sectors in response to international tenders in 2005 with an investment cost of US\$2.5 billion. The private sector is also currently constructing the Ra's Issa Refinery in Al-Hodiedah Governorate with a capacity of 60 thousand barrels/day and a cost of US\$300-400 million. Likewise, a 120,000 barrel/day refinery is being constructed in Hadhramout costing US\$250-300 million.

production at existing fields. In tandem, the government share of the industry has been in steady decline, reduced to 57.5% (or 98 million barrels) of total production by 2005 as compared to 61% in 2000 while local consumption grew by 6% a year over the same period, reaching 5.7 million litres in 2005.

Table 5.2: Crude Oil Production Projections and Partners' Shares 2005-2010 (in million barrels)

Partners	2005	2006	2007	2008	2009	2010
Total Production	146	141.1	130.8	122.9	115.9	106.2
Government's Share	85.7	86.9	77.1	70.3	64.0	55.3
Partners' Share	63.2	54.2	53.6	52.7	51.9	50.9
Foreign Partners	62.2	50.7	50.6	49.8	49.3	48.6
The Yemeni Company for Oil Investments	1.0	0.82	0.7	0.7	0.6	0.6
Operating Cost for Marib Sector	0.0	2.75	2.3	2.2	1.9	1.7

Projections show a 6.5% annual reduction in production, resulting in 106.2 million barrels being produced in 2010. The DPPR's vision is to identify optimal levels of crude oil production to support economic development and poverty reduction goals in a sustainable manner. The government aims to limit the average rate of decline in production to 4.5%, and identify and exploit new reserves. Moreover, total refining capacity is to be increased to 320,000 barrels a day, covering all local market needs in terms of petroleum products. For this purpose, the Ra's Issa Refinery at Al-Hodeidah will be constructed with a capacity of 60,000 barrels a day, as will the Hadhramout Refinery Project with a capacity of 120,000 barrels a day. In addition, the capacity of the Marib Refinery will be increased to 25,000 barrels a day.

The DPPR's strategy for the achievement of these goals includes expansion of exploration throughout the country including offshore areas, and promotion of private sector extractive investment in strategic locations. In addition, local private sector companies will be encouraged and supported to be more strongly engaged in all aspects of the industry and its linkages with the manufacturing industry in order to gain a greater share of the market, and improvements will be made to petroleum products' distribution system as well as pricing mechanisms. New and strategic storage facilities will be constructed, and improvements will be made to local know-how in oversight, regulation and controls over the sector. Finally, terms of agreement with production firms will be improved to maximise economic and financial returns for Yemen's development.

Box 5.8: Production and Consumption of Liquefied Petroleum Gas (LPG)

Consumption of LPG increased from 458,000 metric tons in 2000 to about 715,000 tons in 2005 - 88% of which was for domestic use. As local consumption is expected to increase to 935,000 metric tons by 2010, an expected 0.5% annual decline in local production of LPG during 2006-2010 will widen the local supply-demand gap. Therefore, the GoY ascribes priority to the Fifth LPG Unit Project in order to increase production to at least the levels of local demands.

Yemen's gas sector has very positive growth potential with reserves of unexploited natural gas estimated in the order of 16.3 trillion ft³. Currently, only 5% of gas produced from crude oil reserves is distributed for domestic use

with the rest being re-injected into the fields. In early 2005, preliminary agreements were signed with a number of corporations to export about 6.7 million tonnes of Liquefied Natural Gas (LNG) per year to the Korean and US markets starting in 2009 with an estimated return of US\$316 million in 2009 and US\$382 million in 2010 to the treasury. Construction work amounting to US\$3.7 billion are underway with facilities in Marib and the seaport in Bilhaf linked by a 320 km pipeline, together resulting in 10,000 job opportunities over various implementation phases. The potential of gas as a clean alternative source for power generation and fuel is yet to be realized in Yemen. The DPPR's vision for the sector is to achieve optimal exploitation of available natural gas resources for export and as an alternative source of energy and power generation, and for some industries like the production of nitrogen-based fertilizers.

A goal is to maintain liquefied petroleum gas production at 655,000 metric tonnes over the period of the DPPR, and to reach an initial annual export target of 6.3 million tonnes of liquefied natural gas a year by 2009. The DPPR's strategies for reaching these targets include the development of a plan for enhancing the potential of gas in various economic activities and conducting requisite studies for the purpose. LPG production will be increased with the construction of the Fifth Unit and greater market penetration across local communities and productive sectors. In addition, filling stations will be installed in all areas together with necessary consumer protection mechanisms and new storage facilities at the provincial level to ensure adequate levels of reserves.

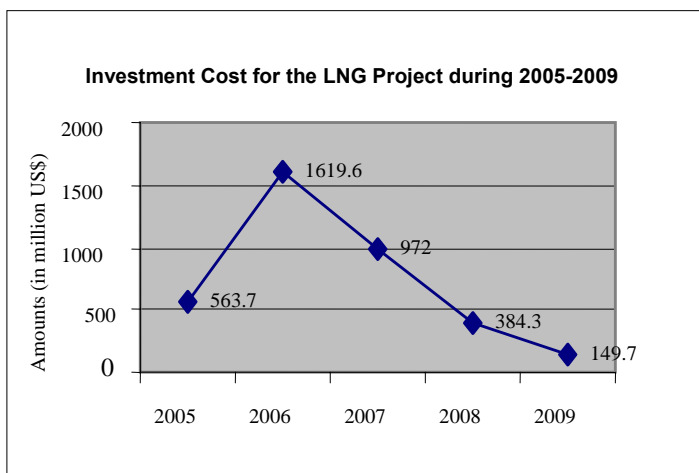


Table 5.3: Production and Consumption of LPG 2006-2010 (thousand metric tons)

Description	2006	2007	2008	2009	2010
LPG Production	658	655	655	655	655
LPG Consumption	740	785	832	882	934
Deficit	-82	-130	-177	-227	-279

Note: LPG production mentioned above is from Safer, excluding Aden Refinery Corporation

On the investment side, foreign companies will be invited to expand their exploration and excavation activities in a competitive environment and local investors will be encouraged to consolidate potential linkages of local manufacturing, services and marketing capacities with the sector. Moreover, studies for the Marib-Ma'bar-Al-Hodiedah-Aden gas pipeline will be completed and works will be initiated to exploit natural gas for electricity generation, strategic industries, transportation, etc. Finally, the project for liquefying and exporting natural gas will be implemented.

Despite its 0.56% share of the GDP (2000-2005), Yemen's *Quarrying and Mining Sector* has major untapped potential. The 2003 survey data described 433 large, medium and small mining and quarrying facilities with a total production value of over 2 million YR and an added value of 1.5 million YR employing 1,423 workers. However, the sector's average annual growth during the SFYP stood at 6.1%, and studies indicate the availability of silver, platinum and uranium with further indications of the existence of gold, copper, iron and titanium resources. This is in addition to other mineral deposits, industrial rocks and construction materials that can be exploited in various industrial applications, e.g. cement, bricks, glass and paint production. However, a number of obstacles hinder progress in this area, such as poor infrastructure, remoteness of mines, small size of the local market, and inadequate quality of feasibility studies.

Table 5.4: Industrial and Construction Minerals and Rocks

Material	Industrial Applications	Region	Stocks
Limestone and Dolomite	Cement, Glass, Dies, Iron, Ceramic and Caustic Soda	Sana'a, Taiz, Al-Hodiedah, Bajel, Marib, Abyan, Amran, Hadhramout and Shabwah	13.5 billion m ³
Saltpeter	Salt, Glass, Soap, Tanning and Caustic Soda	Al-Hodeidah, Shabwah and Marib	365 million m ³
Gypsum	Cement, Glass, Medical Applications, Thermal Insulators, Decoration and Ornamentation	Taiz, Al-Hodeidha, Marib, Abyan, Hadhramout and Shabwah	337 million m ³
Black sand	Airplane Fuselage, Dies, Ceramic and Thermals	Al-Hodiedah, Al-Maharah and Hadhramout	500 million ton
Feldspar	Thermals, Glass, Ceramic, Plastics, Rubber, Soap and Paint	Abyan and Hijjah	16.2 million m ³
Silica sand	Thermals, Glass, Ceramic, Cement, Insulators, Finishing Polishing Material and paint	Sana'a, Taiz, Sa'adah, Rada'ah, Shabwah	157 million m ³
Quartz	Optics, Electrical Appliances, Lining Solar Cells, Medical Applications and Rubber	Sa'adah and Hijjah	11.2 million m ³
Mud Minerals (Stone)	Cement, Paper, Ceramic, Rubber, Plastics, Thermal Bricks and Paints	Sana'a, Sa'adah, Ibb, Al-Hodiedah, Aden and Lahaj	120 million m ³
Zeolite	Detergents, Soap, Animal Feed, Agricultural Soil Revival, Paper and as a Pure Material for Oils	Taiz, Ibb and Dhmar	73.8 million m ³
Basalt	Construction Stone, Railway Pavement, Manufacturing Concrete Shields and Pipes	Sana'a, Taiz, Ibb and Dhamar	58 million m ³
Tale	Paper, Paint, Cosmetics and Medical Applications	Sa'adah, Marib, Abyan and Al-Dhalea	unspecified
Kaoline	Paper, Ceramic, Rubber, Plastics, Paint and Emulsion	Sana'a, Sa'adah and Al-Jawf	4 million m ³
Scoria	Cement, Light-weight Concrete, Sound and Thermal Insulators and in paving roadways and railways	Sana'a, Dhamar, Marib, Abyan, Amran and Shabwah	613 million m ³
Pumice	Manufacturing Abrasive Materials, Toothpaste, Rubber, Filtering Water and Construction Works	Dhamar and Aden	34.5 million m ³
Perelite and Pumice	Thermal Insulators, Light-weight Concrete, Soil-Enrichment, Detergents, Oil Absorption and Manufacturing Rubber, Paints and Plastics	Dhamar, Aden and Taiz	89 million m ³
Granite and Gabbro	Construction and Decoration Stones, Paving Railways, Dams and Dikes	Sa'adah, Marib, Abyan, Al-Baydha, Taiz and Al-Hodiedah	316 million m ³
Marble	Construction, Decoration and Ornamentation Stones, Medical Applications and Adhesives	Sana'a, Taiz, Hijjah, Marib and Abyan	900 million m ³
Tuff and Ignimbrite	Construction and Ornamentation Stones, Manufacturing Fertilizers, Detergents and Soap	Sana'a, Taiz, Ibb, Dhamar, Lahaj and Hijjah	31 million m ³
Traver tine	Construction and Ornamentation Stones and Making Floor Tiles	Sana'a and Ibb	500,000 m ³

The DPPR aims to improve national efforts at the economic exploitation of Yemen's mineral reserves in partnership with local and international investors. To this end, an average value added growth rate of 7.6% in the quarrying and mining sector is planned over the period of the SFYP. The strategy for meeting this target includes completion of the requisite institutional and legislative framework and related capacities, particularly within the

Ministry of Oil and Minerals and its affiliated departments. Furthermore, GIS capacities will be enhanced, and detailed geological surveys, maps and feasibility studies will be prepared. Excavation activities will be intensified with improved methods for utilisation of minerals for industrial purposes coupled with enhanced quality control and environmental safety mechanisms. The investment climate for the sector will be improved and local and foreign companies will be encouraged to invest. Finally, local processing of extracted materials will be encouraged in strategic areas with high value added potential, as will efforts to support human resource development in the sector.

Table 5.5: Available Metal Ores

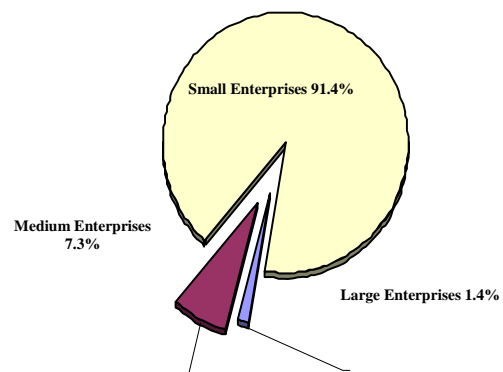
Ore	Region	Ore Stock
Gold	Wadi Madan (Hadhramout)	678 thousand tons (possible) 15gm/ton gold, 9gm/ton silver
	Al-hareqah (Hijjah)	31 millions tons
Zinc, Lead and Silver	Al-Jabali (Sana'a)	12.6 millions ton (verified+probable+possible) concentration (degrees) 8.9% Zinc, 1.2% Lead and 68gm/ton Silver
	Tabaq (Shabwah)	Ore concentrate 12% for Zinc, 3.8% Lead from preliminary study; stocks were not estimated
Copper, Cobalt and Platinum elements group	Al-Hamourah (Taiz)	4.1 million tons (verified) concentrate at 0.57% for Copper and 0.39% Nickel
	Suwar (Amran)	40 million tons, Copper 0.32-0.52%, Nickel and Cobalt 0.86-1.40%, with 0.66% plus encouraging percentage of Platinum, Palladium and Rhodium.
	Qatabah (Hijjah) and Al-Masna'ah (Sa'adah)	No estimate of ore stocks, as area is still under exploratory studies by the Canadian, CANTECHS
Iron and Titanium Mineralizations	Mkeiras (Al-Baydha)	860 million tons divided as follows: 130 million tons iron ore, 46 million tons of Titanium Oxide, 27 million tons Phosphate, 0.15 million tons of Vanadium Oxide with mineral content: 15.5% iron, 5.3% Titanium Oxide and 3.14% P2O5 and 0.02% V2O5.

The Manufacturing Sector

The *manufacturing sector* in Yemen is characterized by the predominance of small enterprises, which comprised a 91.4% share of the sector in 2003, followed by 7.3% for medium and 1.4% for large enterprises with a total workforce of 119,978. Average annual growth during the SFYP stood at a meagre 4.7%. The sector suffers from poor diversity and is hindered by structural weakness in the national economy such as a limited market, low purchasing power, insufficient basic infrastructure and modest levels of administrative and technical skills. The sector also suffers tough competition from imported and smuggled goods in particular, and limited availability of locally produced and/or affordable raw materials.

Yemen's Strategic Vision highlights the key role of manufacturing in development, and the DPPR also seeks to promote the potential of the sector for increased income, job creation and poverty reduction with the goal of achieving a manufacturing value added growth rate of 8.4% a year, and to raise the sector's GDP share to 7.2% by 2010 (at 2004 prices), comprising a 10% share of total commodity exports. Chief among the targeted sub-sectors are foods and beverages,

Industrial Enterprises by Size in 2003



textiles and clothing, tobacco, metals, plastics, construction materials, tools, machines and furniture products with value added growth rates ranging from about 10% to 27% a year.

Table 5.6: Value Added Estimates by Industrial Activity, 2005-2010

Industrial Activity	Value Added (in million YR)		Average Annual Growth (%)
	2005	2010	
Food and Beverages	43,890	73,077	10.7
Tobacco Products	28,732	61,926	16.6
Textiles	5,310	15,134	23.3
Clothes and Fur	7,571	21,237	22.9
Bags, Shoes and Tanning	553	384	-7.0
Wooden products (without Furniture)	4,305	8,373	14.2
Paper and its By-products	683	420	-9.3
Printing and Publishing	5,664	8,000	7.2
Oil Derivatives	10,290	13,740	6.0
Chemical Products and derivatives	1,365	1,536	2.4
Plastic Products	5,038	14,233	23.1
Non-Metallic Products (Construction)	21,036	42,072	14.9
Moulded Metal Products	14,450	33,886	18.6
Tools and Machines	185	527	23.3
Machines and Electrical Apparatuses	31	37	3.6
Other Transportation Tools	27	-	-
Furniture	5,254	17,259	26.9
Total	154,384	311,841	15.1

The DPPR's strategy for the achievement of these goals is multi-faceted in order to address structural weaknesses. The Ministry of Industry and Trade (MoIT) is to be restructured and the legislative framework for the sector will be revamped to encourage competition, prevent monopolies and develop market mechanisms. The national investment climate and business development support services will be improved, registration and licensing procedures rationalised, and effective partnerships will be established with the private sector. National metrology, standards and quality management systems will be enhanced to match GCC and international specifications. National industry will be protected against dumping, while import tariffs will be redesigned to favour production inputs. In addition, free-zone incentives will be enhanced to promote industrial exports. The aforementioned banking sector reforms will also support these efforts, and special measures will be applied to promote the role of women in manufacturing. Special initiatives will be implemented to develop the productivity and range of SME's with greater access to micro-credit and other financial services. Finally, improvements to industrial data and controls over pollution will be necessary to ensure sustainability.

Trade Sector

Although increasingly open and consistently positive in terms of its export/import balance, Yemen's *trade sector* is characterised by over-reliance on oil exports (88.9% of all commodity exports during the SFYP) and increasing reliance on foreign imports of machinery (20.9%), transportation equipment (26.4%), their related service and maintenance parts and most durable and non-durable consumer goods. In contrast, reliance on food and animal imports has declined in relative shares, while Yemen's products continue to lag in competitiveness. The largest non-oil trading partners are the Arab states and Asia, comprising 41.4% and 24.3% of all imports with an additional 14.8% coming from Europe. Most of Yemen's oil exports are destined for Asia, while the largest market for its non-oil exports are the Arab states and the Horn of Africa. The trade balance averaged 7.3% of the GDP over the period with exports growing at an average of 15.8% against an import rise of 14.6%. Trade growth has been achieved through improvements to the trade regime and basic infrastructure such as an upgraded metrology and standards framework, implementation of bilateral trade agreements, enhanced cooperation with the GCC states, and affiliation with the Greater Arab Free Trade Zone. In addition, the General Commission for Free Zones improved infrastructure created the Information Centre and promoted the Aden Free Zone.

Box 5.9 Major Private Sector Investment Projects under the DPPR

A- Cement Industry

The private sector is currently constructing a number of cement factories that are expected to start production in 2007. These include:

- Al-Mukkalla-Hadhramout Cement Factory - Capacity: 1.2 million tons/year. Cost: US\$200 million
- Batis Cement Factory - Capacity: One million tons/year. Cost: US\$165 million
- Al-Mallah-Lahaj Cement Factory - Capacity: 1.2 million tons/year. Cost: US\$200 million

B- Iron Industry

The private sector inaugurated two new factories in 2005. The first was the joint Yemeni-German investment Scrap Metal Melting and Moulding Factory in Lahaj Governorate with a production capacity of 400-500 thousand tons/year. The second is located along the Aden-Abyan Road with an annual production capacity of 100 thousand tons/year. The DPPR also includes construction of the following factories:

- A joint Yemeni-Chinese venture in the Aden Free Zone, with a production capacity of 150 thousand tons in the first phase
- A cement factory in Al-Mukkalla with a production capacity of 1.6 million tons/year

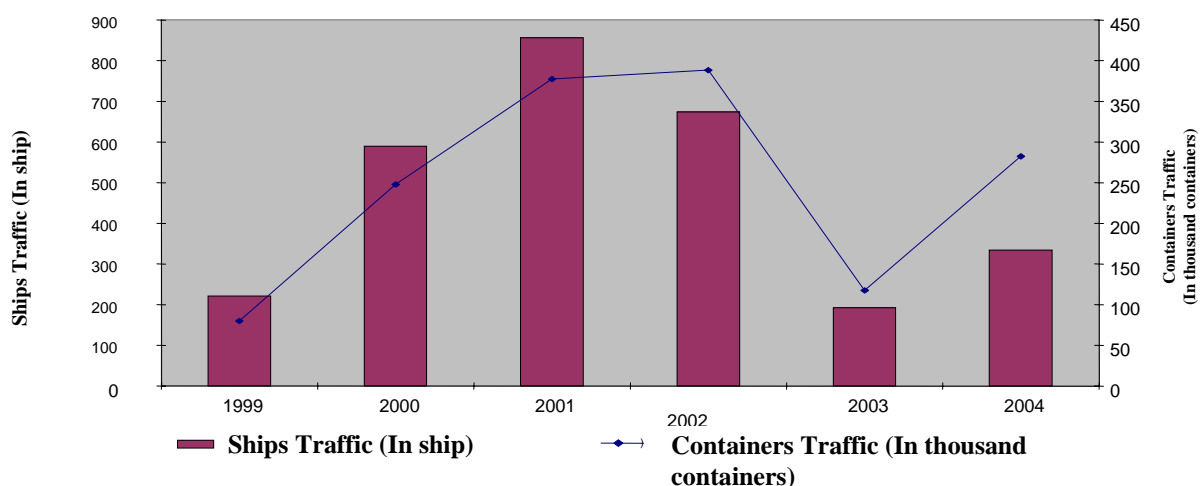
Table 5.7: Foreign Trade Indicators, 2000-2005 (%)

Indicator	2000	2001	2002	2003	2004	2005	Average percentage
Exports/GDP	39.4	33.7	34.2	33.1	33.9	40.3	35.0
Commodity Imports/GDP	25.7	26.1	28.6	30.0	27.9	26.0	27.7
Trade Balance/GDP	13.6	7.6	5.6	3.1	5.9	14.3	7.3
Foreign Trade/GDP	65.1	59.7	62.8	63.0	61.8	66.3	63.1
Crude Oil/Exports	89.5	86.4	84.7	88.1	92.0	92.9	88.9
Exports/Imports	152.9	129.2	119.5	110.3	121.2	154.9	131.3
Crude Oil/GDP	35.2	29.1	28.9	29.1	31.2	37.4	31.8

Over-reliance on oil, poor access to foreign markets and weak competitiveness of local products are the key challenges to the growth of foreign trade, which is a pivotal element of economic development, job creation and global integration. The DPPR aims to develop non-oil commodity exports to reach 19% of the total exports in 2010, and to further integrate the national economy within the regional and global economies through accession to the WTO and fulfilling all requirements of the Greater Arab Free Trade Zone. For the achievement of these goals, it is intended to further augment the legal and institutional structure of foreign trade, particularly as related to WTO accession; expand the role of Yemen in regional economic blocks such as the Greater Arab Free Trade

Zone and the Sana'a Union; and to achieve integration within the GCC. It is also important to enhance the competitiveness of Yemeni products, boost special initiatives such as trade fairs, and establish a financing and exports guarantees system at the same time as reducing export tariffs and transaction costs. Special attention will also be paid to promoting the role of foreign embassies and their commercial attachés in prompting greater commercial cooperation and new opportunities for Yemeni companies.

Due to its strategic location and economic potential, development of the *Aden Free Zone* is a priority for Yemen. A number of internal and external factors, notably sporadic terrorist acts against some Yemeni ports since 2002 have interrupted earlier plans launched through an agreement signed with 'YemenInvest' in 1996 to reach a handling capacity of 500,000 containers. The GoY signed a new agreement in 2005 Dubai Ports International to bring the containers terminal up to international standards, increase its capacity to 1.5 million containers a year, and construct the requisite facilities for cargo and air freight with designated zones for heavy industry and petrochemicals goods and dry basin facilities at the port of Aden.



Ships and Containers Traffic at the Containers Dock in the Free Zone, 1999-2004

Developing the Aden Free Zone faces many challenges such as tough competition among its counterparts in the region, higher insurance costs and limited infrastructure and institutional and human capacities. However, the GoY plans to transform the Aden Free Zone into an international centre for maritime and air freight, trade, and local and foreign investments in export-oriented industries with associated services. To this end, the DPPR includes plans for updating the legislative and legal framework, setting up integrated management and information systems, and developing and revitalising human capacities and potential. It will be necessary to conduct appropriate studies and to increase internal and external promotional activities.

The *domestic trade sector* has experienced a rapid rise in recent years. Growing local demand on commodities and services in light of a steady population rise has seen GDP share of the sector increase from 8.7% in 2000 to 13.8% in 2005, reflecting an average 21.6% increase in sectoral value added, and accounting for 12.2% of total employment over the period. The number of registered joint-stock companies increased from a mere 2 in 2000 to

12 in 2005. The number of Limited Liability Companies reached 506 in 2005 from 68 in 2000. Joint ventures jumped from 11 companies to 100 during the same period. Nevertheless, the sector faces a number of difficulties including a weak infrastructure, poor control and supervisory mechanisms, a limited number and capacities of laboratories and workshops, lack of information and data on wholesale or retail activities, a weak marketing system, and the large scale and range of the informal sector.

The DPPR seeks to promote the benefits of growth in domestic trade among the population, and to encourage greater integration and commercial linkages among various formal and informal sectors of the economy. It is thus aimed to further develop domestic markets and provide goods and services to underprivileged areas, and to increase the domestic trade sector's share of the GDP to 16.1% by the year 2010. The strategy for the achievement of these aims includes revisions to the legislative framework governing domestic trade, particularly in the areas of control, competition, prevention of monopolies, price declaration and consumer protection. This strategy would also concentrate on the establishment and promotion of the role of consumer protection associations. Moreover, the private sector will be encouraged to establish specialized marketing companies and investing in trade infrastructure, while special measures will be taken to elevate the role of women-controlled trade and its related unions and associations.

Box 5.10: Development Projects at Aden Free Zone		
Project	Description	Cost (In million YR)
Air Freight and Cargo Village	The project covers an area of 198 hectares to increase the airfreight capacity available to local, regional and international airlines and connect maritime freight to its air counterpart. The project will be implemented in phases with an increasable handling capacity of 300 thousand metric tons/ year.	2,706
Heavy and Petrochemical Industries Zone	The project aims at establishing a zone for heavy and petrochemical industries and to reprocess and re-export available local raw material/ores.	40,956
The Industrial and Storage Zone	The project covers an area of 722 hectares to address investors' demand, particularly foreign investors', to have locations for their investment with access to infrastructure and services. This project complements the raw material and bulk goods and serves at the same time the heavy and petrochemical industries zone. This zone is also connected to a road network that facilitates transport, storage and delivery of the Free Zone's imports and exports as well as those of the local market. The project helps achieve a commodity buffer stock to address sharp fluctuations of some raw material and commodities prices and saves the importers' effort and money.	17,217
The Storage Zone adjacent to the Raw Materials Dock		534
Total		61,413

The Tourism Sector

The *tourism sector* in Yemen is among the most promising. The country's natural, climatic, topographic and cultural diversity coupled with its ancient civilisation, rich heritage and outstanding architecture together have the potential to place Yemen among the top tourist destinations in the world. Recent years have seen significant growth in tourism and the development of its associated institutional and regulatory frameworks as well as in catering and residential services with correlated impact on local enterprises. Improved roads and communication networks as well as expanded water and sanitation facilities, rejuvenation of cultural festivals, and maintenance and development of ancient cities and monuments have also contributed with direct support from the private sector together with targeted and deliberate security sector support in an unfavourable regional and global

security environment. As a result, tourist numbers rose at 38% a year over the period of the SFYP, from 67,000 in year 2000 to 336,000 in 2005. Close to 58% of travellers came from Arab countries while another 20% were Europeans, with Asians comprising 12% of the total over 2001-2005. Tourism revenues rose by 24.9% on average despite fluctuating averages for time spent in-country (from 6.5 nights in 2000 to 3 nights in 2001 and bouncing back to 6 nights from 2002 onwards). Domestic tourism rose by 13% a year from 515,000 tourists in 2000 to 813,000 in 2005, spurred by regional marketing efforts.

These successes were strongly challenged by security issues, particularly by the kidnapping of foreign tourists (195 kidnapped over 1993-2001), which in turn led to the deterioration of the investment climate in Yemen. Moreover, the country's air, sea and road infrastructure and many services and amenities remain inadequate or absent in many areas. Tourist activities also suffer from deficient data, marketing and promotion both domestically and abroad. Also, the lack of expertise in marketing and promoting handicrafts products and cottage industries restrict expansion and spread of these items and the income they generate.

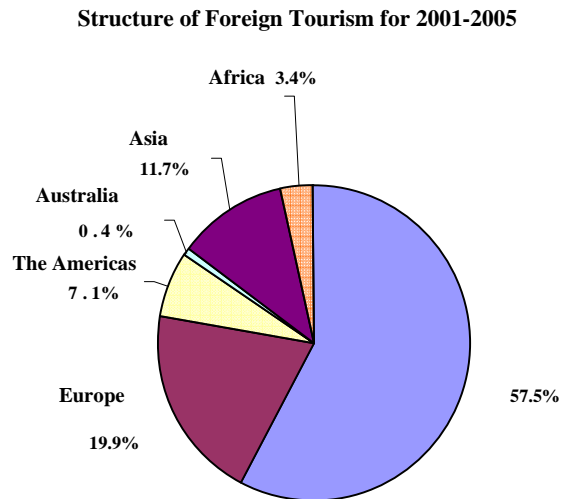


Table 5.8: Indicators of Demand on Tourism 2000-2005

Indicators	Unit of Measurement	2000	2001	2002	2003	2004	2005	Average Growth %
Total Tourist, arrivals	One thousand	67	75	98	155	274	336	38
From the Arab States	%	38	49	66	68	65.3	57.5	9.2
From Europe	%	34.1	34	16	9	10.5	19.9	-14.0
From the Americas	%	11.2	5	4.5	8.4	6.3	7.1	-9.0
From Australia	%	0.6	0.6	0.5	0.2	0.3	0.4	-12.9
From Asia	%	11.5	7.7	11	10	14.9	11.7	5.5
From Africa	%	4.6	3.7	2	4.4	2.8	3.4	-10.1
Total (tourist) nights	One thousand nights	473	224	588	928	1642	2016	30.2
Average (tourist) nights	Tourist night	6.5	3	6	6	6	6	-1.6

Tourism development and achievement of the objectives of Yemen's Strategic Vision 2025 require a strategic focus on the provision of a secure tourism climate. The DPPR aims to harness the potential of the sector with an average annual growth rate of 12% in the number of international tourists and an associated rise of 19% a year in their length of stay in Yemen throughout the period. It is also intended to raise tourism revenues by 22% a year, thus comprising 6.5% of the GDP by 2010, and to increase hotel rooms and job opportunities by 12% annually.

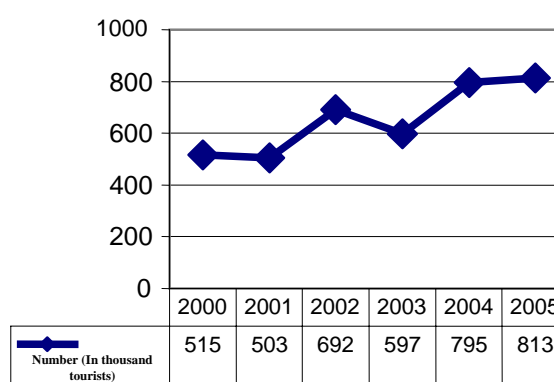
Table 5.9: Growth of Tourism Revenues, 2000-2005

Indicator	Unit of measurement	2000	2001	2002	2003	2004	2005	Growth Average %
Average Tourist Spending per night	US\$	160	170	180	150	130	130	-4.1
Total Tourist Revenues	US\$ million	76	38	106	140	214	231	24.9
Tourist Revenues-to-Exports Ratio	%	19.1	8.2	22.4	25	33	33	11.6

The Government's planned strategy for achieving these goals is multifaceted. Requisite decrees will be issued to identify areas dedicated to tourism, and related institutions will be rationalised with delineated roles and responsibilities. The formation of trade unions and associations of tourist professions will be encouraged, as will the establishment of dedicated councils at the governorate level to promote investment. Capacity building in tourism management will be supported by the relevant governmental and private sector bodies, tourist police cadres, and immigration and security personnel at the ports of entry. Attention will also be paid to further development of necessary infrastructure and amenities in tourist locations. In addition, efforts will be made to reduce the proliferation of small arms in the country.

Private sector access to longer-term tourism development funding resources (local, regional and international) will be facilitated, and further initiatives will be launched to diversify tourism products related to culture, sports, adventure and therapy. Support services such as hotels, tourist villages and resorts and passenger rest areas and emergency services will be installed. Furthermore, tour organisers will be aided, and credit facilities will be provided for local communities to develop small enterprises. Special promotional campaigns will be launched at the international level to attract tourists and tourism investors. In addition to strategic advertising, these would include tourism fairs and conferences as well as seeking the support of international experts and specialised institutions.

Growth of Domestic Tourism, 2000-2005



Local campaigns would also be launched to raise social awareness of the benefits of tourism and the significance of traditional architecture, arts, handicrafts and heritage, while specific policies will be developed to preserve the natural environment and ecology of sites. The knowledge base on tourism would be enhanced through research studies on the potential benefits of tourism and strategic approaches to its development. Furthermore, data gathering, flow and management will be enhanced for the sector to ensure the availability of timely and pertinent information.

Table 5.10: Indicators of Projected Tourist Activities during the Period 2006-2010

Indicator	Unit of Measurement	2005	2010	Average growth (%)
Numbers of Tourists Arrivals	Thousand	336	540	12
Average Nights	Tourist night	6	8	
Total Nights	Thousand	1836	4320	19
Total Tourism Revenues	US\$ million	239	648	22
Tourism Revenues to GDP Ratio	%	2.4	6.5	
Total Domestic Tourism	Thousand	813	1386	11
Number of Hotels	Each	578	1018	12
Number of Rooms	Thousand	14.5	25.6	12
Number of Beds	Thousand	33.6	92.3	22
Direct Job Opportunities in Tourist Facilities	Thousand	6.6	11.5	12
Indirect Job Opportunities in Tourism-associated Sectors	Thousand	13.1	23.1	12
Total Job Opportunities	Thousand	19.7	34.6	12

Chapter 6: Basic Infrastructure Sectors

Introduction:

The provision of basic services is an essential prerequisite for the achievement of Yemen's Strategic Vision 2025 and the MDG's, both in terms of Yemen's economic growth and poverty reduction targets. Moreover, Yemen's specific characteristics and development challenges place water at the core of basic infrastructure, health, environment and economic development issues. The period of the SFYP saw tangible improvements across the whole spectrum of infrastructure services in Yemen. However, the sector is characterised by large rural-urban and regional disparities, as demonstrated by the 2004 Census. Water, sanitation and electricity networks' coverage in urban areas were 60.3%, 36.8% and 81.8% respectively compared to 7.4%, 0.7% and 22.9% for rural areas. Moreover, water resource depletion rates are alarmingly unsustainable, and increased urbanisation and poor waste management are depleting natural resources and biodiversity, and contributing to marine, coastal and air pollution.

Table 6.1: Government Services Available in Buildings (Preliminary Results of the 2004 Census)

Available Services	Status	Coverage of Public Network (%)	Total Coverage of Buildings (governmental, non-governmental and private)
Safe Water	Urban	60.3%	73.7%
	Rural	7.4	27.9
	Total	19.9	38.7
Sanitation	Urban	36.8	82.8
	Rural	0.7	25.7
	Total	9.2	39.2
Electricity	Urban	81.8	87.6
	Rural	22.9	31.1
	Total	36.8	44.5

The national road network remains significantly below regional standards, and faces strong maintenance challenges. Land transport systems are in need of a significant overhaul to meet increasing demands. Similarly, Yemen's seaports must be further upgraded to meet their potential, as do the airports. Information and communications technology systems have improved a great deal, but are unevenly distributed and remain far from providing adequate coverage. The postal service remains limited and significantly below international standards. Urban planning capacities and systems must be overhauled in order to cater to rapid urbanisation, as does the management of state-owned lands.

Taking into account other aggravating factors such as high population growth rates and deficiencies in the investment climate, Yemen's infrastructure development needs require significant levels of new investment coupled with decentralised, innovative and sustainable implementation and management arrangements that employ a dynamic partnership approach to include public and private sector stakeholders and beneficiaries at all levels. This would entail:

- Expanding infrastructure and basic services, particularly in the rural areas; terminating the isolation of rural populations; connecting productive areas, especially to link poorer localities to markets
- Providing the necessary infrastructure needed to encourage and attract private investment
- Regulating the relationship between the central bodies, partners to development and local authorities in the determination of the needs for basic services and infrastructure projects, and for their implementation and operation
- Strengthening the links between local communities and local development projects to ensure their sustainability

Water Resources

Yemen's severely scarce *water resources* are in increasing domestic, agricultural and industrial demand and suffers from poor management and use practices. The per capita share of water does not exceed 150 m³ per annum vis-à-vis a 1000 m³ regional average, while the global average stands at 2,500 m³. Agriculture accounts for 91% of total water consumption, while domestic consumers account for 7%, with another 2% used for industry. Total annual renewable water resources are estimated at 2.5 billion cubic metres (1.500 billion m³ of groundwater and 1 billion m³ surface water). However, total annual water consumption stands at 3.4 billion m³, reflecting a groundwater depletion rate of 0.9 billion m³ (138%) a year. On average, water tables in most aquifers drop by 6 metres a year, and are thus expected to run dry within 15-50 years.

Box 6.1: Groundwater Depletion

Over-pumping of ground water is one of the main factors responsible for the depletion of water resources. Most aquifers suffer from a disproportionate relation between pumping and feeding - in favour of the first. The depletion rate in Yemen is, on average, about 138% of that of replenishment, but in some critical aquifers, it reaches 250-400%. The number of wells in the country is estimated at around 45,000 together with about 200 drilling platforms. The water table in most aquifers drops at about 6 meters per year on average. Hence, it is expected that most aquifers would run dry in a period of 15-50 years should pumping continue at current rates. This critical situation calls immediate remedial measures that treat with water as a scarce and strategic commodity.

Depletion of water resources has become a major constraint to growth and development and a serious threat to the stability and sustainability of Yemeni society. The DPPR's vision is to achieve integrated management of resources, improve the legislative environment, and safeguard access to water as a right. It aims to increase the domestic and industrial shares of total water use to 15% and 4% respectively and, to reduce the depletion ratio to 25%, while increasing water resources by 5% a year.

The strategy for meeting these water resource management targets is multifaceted and includes improvements to the institutional structure of the Ministry of Water and Environment (established in 2003) and its affiliated agencies and enterprises, backed by the promulgation of relevant legal instruments to rationalise task management and the division of labour. Water resource management systems and use must be rationalised and modernised, and implementation of the National Strategy for Water, the Water Act, relevant by-laws and other procedures to conserve water resources must be expedited. Water utilisation patterns need to be altered, cost-

recovery initiatives introduced, and waste and pollution controlled. In addition, new and sustainable supply sources need to be identified. Plans also include expanded construction of dams, canals and dikes as well as new monitoring stations. Techniques such as water harvesting, desalination and wastewater treatment will be promoted. Other necessary measures include enforcement of measures to protect groundwater sources, and enhancement of the role of local communities in aquifer management, selection of the management and operation of projects, monitoring of water use and water conservation. Clear standards must be defined and water use for sectors with higher economic returns must be encouraged. Users' rights need to be defined and properly legislated, together with clear policies that assign roles and responsibilities with consideration for vulnerable groups. A review of trade and agricultural policies is also planned, leading to revisions in prices. These measures require adequate allocation of financial resources, including from the Fund for the Promotion of Agricultural and Fishery Production.

Box 6.2: Potable Water in Rural Areas

Rural households depend on groundwater sources for 50% of their safe drinking water supplies. For the rest of their needs, they depend on exposed and untreated surface water. The majority of poor households may have to spend a lot of time and energy on accessing water sources that might be polluted. Added to this are risks associated with the use of unclean containers and tools. Rainfall helps reduce the burden, however water catchments also pose health risks.

Water Supply and Sanitation Systems

Yemen's *water supply and sanitation systems* are in urgent need of accelerated development. In rural areas, ground and surface water are the main sources of potable water, each comprising about 50% of the total supply with associated risks to health. According to the 2004 Census, total drinking water coverage through the public, nongovernmental and private networks was 38.7% (73.7% urban versus 27.9% rural), of which 19.9% came through the public network (60.3% urban versus 7.4% rural). Water supply in urban areas, however, has increased at an average rate of 5.8% over the period of the SFYP.

Sanitation services are mainly confined to major urban centres, and are mainly absent in rural areas, several districts and a number of governorates as a whole. Total coverage with sanitation networks reached 39.2% (82.8% urban, 25.7% rural), of which only 9.2% was provided by the public network (36.8% urban, 0.7% rural). Sanitation services through the public network sharply vary across governorates. Compared to the overall low coverage rate of 9.2%, Aden Governorate had a 67.5% coverage, but it winds down to 43.6% in Sana'a City, 14.7% in Hadhramout and to below 2% in Al-Mahweet, Al-Dhalea, Sana'a, Marib, Sa'adah, Al-Jawf and Raimah.

Private suppliers comprised 30% of supplies in 2004, while public enterprises made up only 9.2% of watsan (water and sanitation) services, covering 1.8 million beneficiaries. Expansion of watsan services is particularly urgent in rural areas, and is compounded by remoteness of regions, growing demand, declining groundwater resources and the high cost of water desalination, particularly in mountainous areas. In addition, existing public networks suffer from decay and poor maintenance, resulting in an alarming 32% water loss rate.

Table 6.2: Drinking Water and Sanitation Coverage at the Governorate Level for 2004

Cereal No.	Governorate	Water						Sanitation					
		Coverage through public network %			Gross coverage (public+ Nongovernmental+ Private networks) %			Coverage through public network %			Gross coverage (public+ Nongovernmental+ Private networks) %		
		Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
1	Ibb	56.7	9.5	15.4	75.7	33.5	38.8	36.2	0.9	5.3	81.6	30.7	37.1
2	Abyan	74.8	12.1	25.8	87.6	32.6	44.6	42.4	3.7	12.1	85.6	40.8	50.5
3	Sana'a City (Mayoralty)	55.3	6.3	53.7	66.2	31.4	65.0	45.1	1.6	43.6	94.0	33.8	92.0
4	Al-Baydha	59.2	8.7	17.6	78.7	38.5	45.5	52.7	0.9	10.0	72.5	29.6	37.1
5	Taiz	63.2	4.1	13.1	73.9	23.4	31.1	44.8	0.5	7.3	79.9	32.5	39.7
6	Al-Jawf	4.0	0.2	0.6	53.6	7.3	12.2	0.5	0.2	0.3	38.6	3.4	7.1
7	Hajjah	34.9	5.9	8.5	41.2	14.7	17.1	17.9	0.5	2.0	37.7	6.4	9.3
8	Al-Hodiedah	57.1	4.3	21.0	75.9	35.5	48.3	20.9	0.4	6.9	86.3	29.7	47.6
9	Hadhrumout	84.3	23.9	48.8	91.8	70.0	79.0	33.7	1.4	14.7	86.0	51.0	65.5
10	Dhamar	75.0	8.7	15.3	79.5	23.0	28.6	41.2	0.5	4.5	82.8	18.0	24.4
11	Shabwah	20.3	1.5	4.6	76.4	48.2	52.7	9.0	1.7	2.9	42.4	31.1	32.9
12	Sa'adah	19.7	0.8	3.7	42.5	11.3	16.1	1.3	0.5	0.6	47.9	11.1	16.7
13	Sana'a	26.1	5.2	5.9	55.1	34.9	35.6	8.2	0.4	0.7	54.0	30.9	31.6
14	Aden	86.3	-	86.3	88.0	-	88.0	67.5	-	67.5	91.2	-	91.2
15	Lahaj	67.2	20.3	24.4	78.4	34.8	38.6	33.1	0.6	3.4	73.1	30.4	34.1
16	Marib	2.2	1.8	1.9	43.4	21.9	24.7	0.8	0.7	0.7	72.5	27.8	33.6
17	Al-Mahweet	56.9	11.4	14.5	74.3	21.2	24.8	21.4	0.5	1.9	65.1	15.4	18.8
18	Al-Maharah	48.0	10.3	24.2	74.6	34.7	49.4	3.1	1.0	1.8	65.0	19.0	36.1
19	Amran	39.5	4.6	10.6	57.4	16.3	23.4	21.3	0.6	4.1	75.8	23.8	32.7
20	Al-Dhalea	21.6	5.9	7.9	58.7	16.9	22.1	5.5	0.6	1.2	57.4	18.9	23.7
21	Raimah	0.0	0.4	0.4	27.6	2.3	2.6	0.0	0.2	0.2	28.9	8.2	8.4
	Grand Total	60.3	7.4	19.9	73.7	27.9	38.7	36.8	0.7	9.2	82.8	25.7	39.2

The DPPR's vision is to provide safe water and appropriate sanitation services for all regions, and thus to improve the health and environmental human development needs of the country. The Government aims to increase coverage of safe water supplies to about 71% of the urban and 47% of the rural populations. Similarly, sanitation services will be extended to 52% of the urban and 37% of rural residents by the year 2010. Furthermore, water loss in the networks will be cut down to 15%, and wastewater treatment will be raised from 50,000 m³ in 2005 to 100,000 m³ by 2010.

In line with their differing contextual and structural needs, the Government is adopting distinct strategies for achieving its watsan goals in rural and urban areas. Locally managed and smaller-scale watsan infrastructure projects can reinforce and benefit from social cohesion and self-reliance at the community level, reduce costs, and help to empower communities within the framework of the national decentralisation policy. For this purpose, governorate-level bodies will need to be formed for planning coordination and management of watsan works in rural areas. Concurrently, the requisite legislative framework will need to be established, and the Public Enterprise for Rural Water Projects restructured and revamped so as to address rural sanitation issues also. Services will need to be better targeted at vulnerable groups and women in particular, and the private sector and local communities encouraged to fund and implement projects jointly with early involvement of intended beneficiaries in the project cycle with due attention to sustainability and environmental priorities. Moreover, water resources must be secured and protected, and use of low-cost and efficient techniques promoted. Finally, it is intended to make environmental sanitation considerations a mandatory requirement for future ventures, and to raise public awareness of such issues with women as a primary target group.

In the case of watsan services in urban areas, the relevant institutions will also need to be restructured, their management and efficiency upgraded, and redundancies in responsibilities and roles removed. This will include an expanded application of decentralisation principles through transforming the branches of the Public Enterprise for Water and Sanitation into financially and administratively autonomous enterprises at the governorate level. The regulatory and executive arms within the sector will be separated, and their planning, technical and administrative capacities and skills will be enhanced. Water use will be rationalised with due attention to social justice and the need for financial sustainability of services through price adjustments. Also important is the need for developing quality control specifications and mechanisms, while the implementation of existing projects must be expedited. The private sector and cooperatives will be encouraged to further participate in water and sanitation projects in coordination and cooperation with local and central public institutions with an expanded mandate for local communities and councils in the process of supervision.

Box 6.3: Decentralization and the Role of Local Communities

The high cost associated with the delivery of safe water to rural areas is one of the major challenges to development. This can be addressed through establishing local bodies at the governorate level to provide the service in accordance with local needs. At the same time, administrative support to local communities and enterprises must continue. In addition, entrusting local and rural communities with the charge of running the limited-capacity water supply facilities would achieve great benefits pertaining to efficient operation, maintenance and alleviating the burden on the central budget. management of local water distribution networks by non-governmental cooperatives and the private sector is subject to quality standards. Local water and sanitation projects can thus be managed and operated by the beneficiaries in rural areas without any operational intervention by governmental enterprises.

The Environment

Yemen's economic and social development in recent decades has taken its toll on *the environment*. Since 1990, various institutions have been involved in the sector, with the most recent being the Ministry of Water and Environment established in 2003. In addition successive constitutional amendments have been made to protect the environment. Nevertheless, the legislative framework, standards and institutional arrangements remain insufficiently developed for the challenges at hand. Poor coordination, overlap in regulations, the low level of environmental awareness and insufficient data and financial resources characterise the sector. In addition to the aforementioned water and sanitation issues, desertification, depletion of forests and biodiversity as well as air and marine pollution threaten the environment and are compromising future sustainability. The DPPR's vision is to achieve the requisite balance between the population and natural resources in the drive for sustainable economic and social development for current and future generations. It is thus aimed to protect the environment and natural resources, maintain safety and balance, and preserve a minimum of 90% of natural systems in participation with civil society institutions that will be encouraged to implement 40% of environmental programmes.

Box 6.5: Environmental Impact Assessments (EIA)

EIA centres around monitoring and assessing developmental, industrial or other vital projects to prevent them from becoming sources of pollution and environmental imbalance and depletion. Resources at risk include water, air, soil, flora, fauna and biodiversity. It is therefore critical not only to assess the environmental impact of projects, but also to set up the requisite mechanisms and regulatory framework. Moreover, implemented projects should also be subjected to an "environmental scrutiny" process, particularly in the cases of power and wastewater treatment plants; cement and marble factories; quarries and stone-cutting facilities; brick and clay plants; oil refineries; hospitals and clinics; paint and dye factories; manufacturers of batteries, plastics and pharmaceuticals; animal skin tanning facilities; producers of ghee, soap, food, fats, detergents, paper, photographs and maps; as well as landfills, oil and gas stations, tourist villages, hotels etc.

The strategy for implementing the DPPR's environmental goals includes raising public awareness and education, rationalising the legislative and regulatory framework, and enhancement of national institutional capacities to carry out their planning, follow-up and environmental assessment tasks at the central and local

level. Yemen's environmental plan of action will be upgraded, and an integrated system will be established to manage coastal and marine habitats in coordination with civil society and central agencies. It is intended to implement the Basil Convention in order to properly manage hazardous waste disposal, and, more generally, internationally recognised standards specifications will be applied to all kinds of waste. The role of women in protecting the environment will receive special attention, and efforts will be made to empower their participation at all levels in the sector.

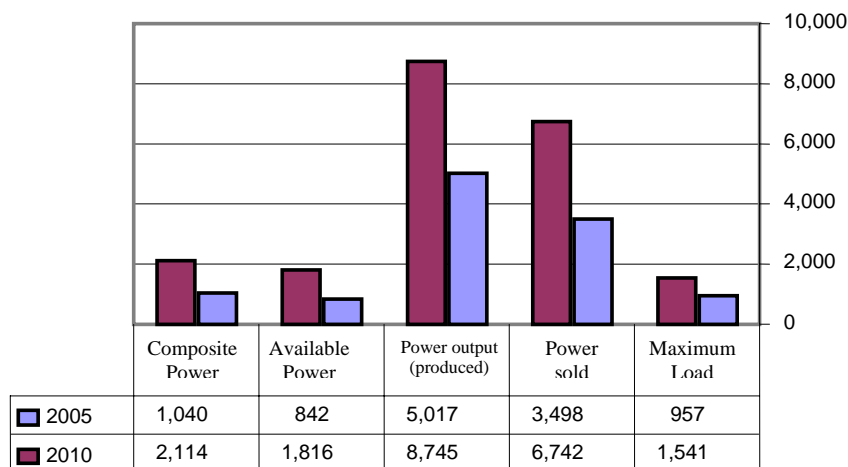
Yemen's electricity sector

Yemen's *electricity sector* is a crucial yet largely under-developed element of her infrastructure with a total capacity of 1,040 megawatts. Despite recent efforts, only 15% of rural areas are covered by the national grid, with total national coverage standing at 42% in 2005. This is partly due to high population growth rates and a 10% annual increase in consumption in the face of a 5% overall increase in production capacity, which in turn was largely due to additional diesel-operated relief power stations (growing at 14% a year) plus some additional independent private sector supplies (5% growth per year).

Table 6.3: Growth of Power Generation by Power Plants 2000-2005 (In megawatts)

Year	Unified Grid			Independent System	Annual Growth Average %
	Steam	Diesel	Total		
2000	435	171	606	208	814
2005	435	339	774	266	1,040
Overall growth (%)	%0.00	%14.70	%5.00	%5.00	%5.00

In 2005, the GoY started the construction of the first gas-operated power plant in Marib Governorate with a preliminary capacity of 340 megawatts during the first phase. Negotiations are underway with many international corporations to install more gas-operated power plants.



Public Grid Power Production and Consumption Indicators, 2006-2010

The generating power in rural areas reached about 93.33 Megawatt in 2005. Electricity services were available for 2.1 million people in 2005, i.e., only 15% of residents of the rural areas. Rural electrification coverage varies among governorates. The highest coverage reached 61.6% in Al-Maharah Governorate, followed by Sa'adah, Abyan, Lahaj and Al-Dhalea, whereas the percentage declines in the rest of the governorates to reach as low as 4.5% in Al-Jawf and 3.2% in Raimah.

Table 6.4: Coverage, Number of Customers and Generating Power in the Rural Areas, by Governorate

Governorate	Generating Power (in Megawatt)		Number of Customers in the rural areas		Coverage %	
	2004	2005	2004	2005	2004	2005
Sana'a City (Mayoralty)	1.71	1.98	-	-	-	-
Taiz	4.05	4.68	168.350	194.250	8.9	10.3
Al-Hodiedah	7.89	9.11	183.050	211.212	14.3	16.5
Hadhramout	2.41	2.78	47.369	54.657	5.6	6.5
Ibb	9.53	11.01	235.900	272.192	12.9	14.9
Abyan	4.96	5.73	119.301	137.655	33.7	38.9
Sana'a	1.87	2.16	35.000	40.385	6.2	7.2
Lahaj	8.41	9.71	194.600	224.538	30	34.6
Al-Dhalea	4	4.62	114.919	132.599	30.2	34.8
Hajah	5.94	6.86	136.381	157.363	10.5	12.1
Al-Baydha	3.58	4.14	50.750	58.558	10.2	11.8
Shabwah	3.08	3.56	88.830	102.496	20.7	23.9
Al-Mahweet	1.49	1.72	32.200	37.154	7.3	8.4
Dhamar	3.51	4.05	47.950	55.327	4.9	5.7
Marib	2.65	3.06	42.700	49.269	20.1	23.2
Amran	4.2	4.85	83.300	96.225	10.4	12.0
Sa'adah	8.95	10.34	206.619	238.407	37.3	43.0
Al-Maharah	1.2	1.39	33.250	38.365	53.4	61.6
Al-Jawf	1.69	1.95	16.100	18.577	3.9	4.5
Raimah	0.83	0.96	23.100	26.654	2.8	3.2
Total	80.8	93.33	1.859.669	2.145.772	13	15

* No data on Aden because the governorate does not have rural areas.

However, the power generation and distribution system is ageing and poorly maintained and power leakages are estimated at 30% of the total, though reduced from its 38% level in 2001. The Public Electricity Corporation (PEC) faces institutional, technical and administrative problems including a chronic financial deficit. Private sector involvement in the electricity sector remains limited, in addition to a lack of a vision regarding coverage in rural areas.

The Government's vision for the electricity sector is to broaden the scope of services, diversify its sources, and make it available to communities and enterprises according to economic and social priorities and standards in all areas. The DPPR aims to increase the national grid's coverage to 53% of the total population, and to double the composite power to 2,114 megawatt in the public grid by 2010. It also intends to increase total available power to 1,816 megawatts, and to increase the maximum load to 1,541 megawatts. Moreover, the private sector will be encouraged to invest in generating 2,000 megawatts of power, and current leakages in the national grid will be reduced to 19.5% by 2010.

Box 6.6: Impact of Roads and Transportation Services on Livelihoods in the Rural Areas

Results of the 1999 Poverty Survey showed that more than 75% of rural households have no access to primary health care because of their low income and inefficient transportation systems. These difficulties become more intensified in rural communities with no health facilities, which necessitates the use of vehicles for access to health services. As a result, maternal and child mortality rates in rural areas are, in one way or another, related to poor roads and transportation infrastructure.

To this end, electricity sector institutions will be restructured and made more efficient and autonomous to manage their finances on a commercial basis. The national and auxiliary systems will be unified to accommodate new expansions and cater to increasing demand. Production costs will be reduced through rehabilitation of power plants, relay stations, distribution networks, and completion of new plants currently under construction. New and renewable sources of energy will be developed with special initiatives such as solar power pilot projects for remote rural areas and islands. Random grids are to be removed and excess loads and stresses on distribution networks reduced. Concurrently, the private sector will be encouraged to invest in power generation activities within an appropriate regulatory environment. It is also intended to develop a strategy for electrification of rural areas, and to implement future projects with a priority-based approach and the requisite controls to ensure proper implementation. In addition, local authorities and non-governmental organisations will have an expanded role in management and implement of electricity sector projects as well as in the maintenance of installations.

Box 6.7: Generating Electric Energy from New Sources

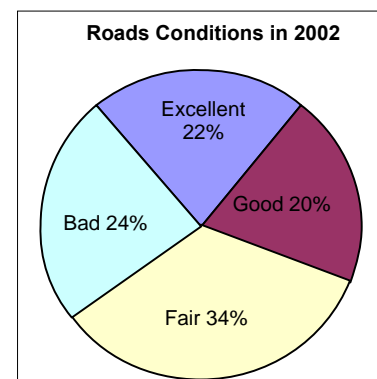
Generating Electricity by Using Natural Gas: The advantages of gas are twofold: first, fuel oil and diesel are expensive and toxic. Second, natural gas is available in good quantities in Yemen. The GoY plans include installing a number of gas power plants with a total capacity of 2000 megawatt by 2020. The private sector is very much counted upon to contribute in this endeavour.

New and Renewable Electric Energy: New and renewable resources can help provide electric power in rural areas, particularly for remote communities. In September 2005, *Lamhier* began research on how to overcome the high cost of machinery for renewable energy systems. Another consultancy firm is preparing the institutional and regulatory structure for the new and renewable energy sub-sector at the Ministry of Electricity in addition to devising a ten-year plan to this effect. The Ministry has established pilot projects for many villages that were electrified through photoelectric cells. The new and renewable energy strategy emphasizes evaluation of resources and analysis of technical and economic capabilities and available alternatives like thermo-solar systems. Studies have confirmed that Yemen has higher solar radiation and is therefore one of the best locations for such systems.

The Transportation Sector

The Government's vision for the *transportation sector* is to realise a network of land transportation, air cargo and sea freight that enhances mobility of people and goods, facilitates public access to basic social services, and promotes market integration and economic growth within Yemen as well as with the countries of the region and beyond. The DPPR's overall strategy for the sector foresees close correlation in transportation development with strategies in other sectors such as agriculture, industry, trade and tourism. Furthermore, the option to establish a national railway network will be explored. In addition, improved safety standards and regulations for various transportation modes will be developed.

In terms of *road development*, the period of the SFYP saw many achievements by the end of 2005, with a 63% expansion of asphalt roads to a total of 10,982 km (which exceeded planned targets by 110%), 10,662 km of gravel-paved roads (representing a 103.4% increase, which exceeded planned targets by 300%) in addition to 60,000 km of dirt roads. Hadhramout realized the highest percentage growth where asphalt roads doubled 12 times between 2000 and 2004, followed by Amran, Al-Jawf, Aden and Al-Dhalea. Using the criterion of "road density" - number of kilometres of roads per one thousand people, Al-Maharah Governorate comes first in terms of coverage with asphalt roads: 7km/1000 people,



followed by Hadhramout, Shabwah and Abyan as coverage exceeds 1km/1000 people due to their large areas and minute population. In governorates like Sa'adah, Al-Baydha and Lahaj, coverage is less than 1km/1000 people.

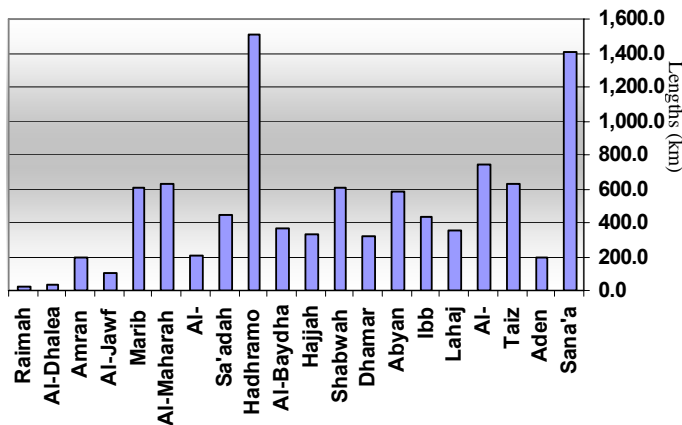
Table 6.5: Growth of Asphalt Roads Lengths by Governorate, 2000-2004 (In kilometres)

Governorate	2000	2004	Added Road Length Km	Increase %	Road density 2004
			2004-2000		/Km/1000 people
Sana'a	890	1,140	250	28.1	-
Aden	65	191	126	193.8	0.3
Taiz	388	627	239	61.6	0.3
Al-Hodiedah	575	747	172	29.9	0.4
Lahaj	350	354	4	1.1	0.5
Ibb	264	433	169	64.0	0.2
Abyan	520	581	61	11.7	1.3
Dhamar	194	321	127	65.5	0.2
Shabwah	488	606	118	24.2	1.3
Hajjah	251	329	78	31.1	0.2
Al-Baydha	176	367	191	108.5	0.6
Hadhramout	116	1,509	1,393	1200.9	1.5
Sa'adah	249	444	195	78.3	0.6
Al-Mahweet	111	209	98	88.3	0.4
Al-Maharah	297	628	331	111.4	7.0
Marib	513	604	91	17.7	2.5
Al-Jawf	14	100	86	614.3	0.2
Amran	24	196	172	716.7	0.2
Al-Dhalea	15	38	23	153.3	0.0
Raimah	0	27	27	0.0	0.1
Total	5,500	9,451	3,951	71.8	0.5

In spite of this expansion, asphalt roads comprise just 9% of total roads. However, road construction works face disparity problems between the specifications of most asphalt roads and the deterioration of large parts of the same due to lack of regular maintenance and inadequate funds. Furthermore, in year 2005, the number of recorded car accidents stood at 12,744 accidents causing 17,494 injuries, including 7,200 serious injuries and 2,579 deaths.

The DPPR seeks to expand the local and international road network and to improve road safety. It aims to increase total asphalt roads to 19,107 km, and pebble/gravel-paved roads to 13,412 km by 2010. Moreover, streets will be constructed in the governorates' capitals and other urban centres. This construction includes 20 million m² of asphalt and installation of 52,651 light poles. Furthermore, studies will be conducted for 38 projects in various governorates pertaining to 3,819 km of roads, and maintenance works will be carried out on close to 10,000 km of roads with an allocation of 1.1 billion YR for contingency maintenance.

Current Road Lengths (km, 2004)



Box 6.8: Assessment of the Road Sector Reform

An evaluation of the GoY's efforts in roads and transportation by the Operations Assessment Department of the World Bank concluded that all road construction projects do in fact serve important economic interests, whereas projects for institutional development are considered good ventures. The GoY established the Road Maintenance Fund and transformed the Public Commission for the Construction of Roads and Bridges into a commercial entity. This procedure reflects the Commission's ability to compete with the private sector. One of the government's priorities is to expand the scope of road network maintenance to avoid higher rehabilitation costs.

The national strategy to meet these targets includes completion of ongoing works to build major highways and main roads connecting all parts of Yemen by a modern road network. It is also intended to perform regular maintenance of existing networks supported by activation of the Road Maintenance Fund that will be funded by a 5% levy on gasoline and diesel sales. In addition, special tariffs such as road tolls and taxes will be introduced. Initiatives to reduce traffic jams will be launched, and the Public Corporation for Roads and Bridges will be rehabilitated and modernised, as will the road management and safety regime. Road project selection will be based on technical feasibility studies and engineering standards consistent with the convention on International Roadways in the Arab Mashreq. Finally, laws and regulations on vehicle dimensions and traffic safety will be enforced, and road signs brought up to standard.

The Government's Programme for the Development of *Rural Roads* is designed to reverse the isolation of rural areas, facilitate access to social services (75% of rural households had no access to primary health care facilities in 1999), promote economic growth, and provide job opportunities with an approach that promotes decentralization and community involvement in implementing and monitoring road projects. The first phase (2001-2005) was completed with construction of 940 km of paved roads costing US\$85 million. The second phase will be implemented during the period of the DPPR with donor support. However, Yemen's rough and uneven terrain coupled with her demographic dispersion pose formidable challenges and high costs to the sub-sector. Moreover, the rural roads programme suffers from severe shortage of consultancy firms and qualified national contractors. Nevertheless, the Government aims to construct about 4,000 km of secondary rural roads and 2,750 km of rural pebble/gravel-paved roads over the period of the Plan. For the achievement of these targets, the standards of current rural roads will be improved, and capacities of local human resources in consultancy and engineering works will be enhanced. Moreover, local authorities will be supported to take greater charge of priority setting for and monitoring of rural roads projects as well as maintenance

responsibilities at the governorate and district levels. Moreover, the local communities and individuals will be encouraged to manage the construction and maintenance of minor roads.

The private sector in Yemen provides the largest share of *land transport* services for passengers and goods. The Government's plans for privatising the Public Corporation for Land Transport have not been realised. However, the Transport Law (No. 30/Year 2003) and its relevant regulations have opened the door for the private sector, leading to a doubling of the number of companies involved in domestic and international transportation while prices for consumers were reduced by 50% for internal travel and 40% for international travel. The number of domestic and international passenger transport operators increased from just 2 in 2002 to 23 in 2005. The sector faces problems with the inefficient and ageing inter-and intra-city public transport with inadequate private sector transport services within urban centres. Moreover, high accident rates and increasing pollution pose additional challenges, while the sector's institutional structure is over-crowded with resultant regulatory confusion and high transaction costs. The DPPR seeks to develop land transport services with a market-oriented approach to invigorate transport movement and increase competition. Targets include an 8% annual average rise in number of passengers and a 5% increase in bus trips. It is also intended to improve road safety, reduce traffic jams, accidents and environmental pollution to regionally and internationally acceptable levels. The strategy for achieving these goals includes improvements to road safety and the sector's regulatory environment, promotion of private sector investments, and a gradual introduction of larger capacity transportation vehicles. Moreover, tariffs on the transportation of commodities and passengers will be reduced, and the sector's public institutions and their responsibilities will be decentralised or outsourced.

Yemen's *sea ports and marine transport* system have great potential for development due to the country's strategic location between Asia and east Africa and the presence of six commercial ports along 2000 km's of navigable shores in a commercially vibrant region. Shipping traffic in Yemeni ports have rebounded since terrorist incidents between 2001-2002, with an average growth of 4.7% since year 2002 and over 3,200 cargo vessels arriving in 2005. Liberalisation policies increased the number of both private shipping companies and those operating as navigational agents as well as service providers. The DPPR looks forward to providing high capacity modern seaports with a sufficient margin of reserve to expand in international exchange according to worldwide standards. It also seeks to exploit Aden's location on international navigation routes to attract investment and offer handling, storage and goods export services. The Government aims to increase the number of commercial ports to nine and the volume of sea freight to 8.5 million tons (dry goods), 15.7 million tons of oil and 1.7 million containers. Its strategy includes completion of the legislative and regulatory framework in accordance with regional international regulations, modernisation of administrative systems and related agencies, greater efficiencies in productivity, privatisation of marine institutions and facilities, accession to international maritime agreements, and enforcement of marine security measures in Yemeni ports and onboard Yemeni ships. In addition, port capacities and services will be enhanced, and existing docks will be deepened, equipped with requisite facilities and systematically maintained. The role of the private sector will be further enhanced, and ship maintenance and repair services will be established. The role of Aden Free Zone will be

boosted particularly in the areas of storage and re-export. In addition, the insurance regime for maritime navigation will be expanded.

Yemen's *air transport* sector comprises 5 international and 4 local civilian airports. The Civil Aviation and Meteorology Authority is responsible for managing these airports as well as for weather forecast services. Yemenia Airways is the national carrier with nine airplanes that include 4 Airbus and 3 Boeing. In addition to a limited fleet and recession of domestic lines, Yemen's international airports, particularly in Sana'a and Aden, remain below international standards and are incapable of accommodating the ambitious tourist sector and invigorating the transport sector. The local private sector is also absent from any business related to air shipping or management services for airports. The DPPR's targets for the sector include improvements to operational efficiency, and a 5% annual growth rate in international flights associated with a 7.4% annual increase in international air travellers. The equivalent target for domestic passengers stands at 4.6%. International and domestic air cargo volumes are to be increased by 8.1% and 4.6% a year respectively. In addition, it is intended to establish 9 meteorological centres. The national strategy for achieving these aims includes reforms to the institutional, regulatory and legislative framework, adoption of open-air policy by opening Aden and Al-Hodeidah airports for air cargo traffic, research on domestic and international transport tariffs, and development of the navigation services system. Moreover, the satellite navigation system plan will be implemented, and the meteorology system will be modernised. In addition, the private sector will be encouraged to invest in airport services, especially ground and cargo services.

Box 6.9: Poor Communities/Concentrations

Although squatter settlements started to emerge in the early 1980's, the phenomenon was aggravated after the 1991 Gulf Crisis with rapid return of a million Yemeni expatriates from the Gulf states, particularly from Saudi Arabia. These returnees and others squatted on state-owned land or Awqaf (endowments) for shelter. Such communities lack basic infrastructure and social services and face environmental problems. Despite its seriousness, this phenomenon has not been adequately addressed as yet with just one study carried out for two squatter sites in Sana'a City and Aden Governorate. The study identifies the general trends and recommends needed interventions that can be summarized in six basic components: strengthening existing administration, urban planning, renovation of poor houses, securing tenure, providing squatters with basic infrastructure services, finding proper funds, and improving the economic conditions of residents.

The DPPR also includes restructuring and modernisation plans for the national carrier, *Yemenia Airways*. These include incentives for private sector investment, and assessment of the option to establish domestic airlines for passengers and cargo. Two additional 50-70 seat planes will be bought or chartered for domestic operations, and one cargo airplane will be chartered. Moreover, 11 additional international and six domestic line destinations will be established, including for local tourist attractions. The plan also calls for alliances to be made with regional commercial air transport coalitions.

Urban planning

Urban planning and management in Yemen has improved a great deal in recent years. Over 335 urban plans were completed and about 32,000 construction permits were issued for an overall area of 28 million m². About 20 million m² of inner roads were paved with asphalt in various urban centres, and 53,000 lighting poles were installed. In addition, various city entrances were improved, aesthetic multi-dimensioned statues were erected, and green areas and public parks were expanded. Governorates, especially the Sana'a Municipality, placed a lot of emphasis on urban cleanliness and a healthy environment, garbage and waste disposal and established cleanliness funds and several slaughterhouses. However, problems persist in terms of rapid growth, inadequate

planning, random developments in urban peripheries, and overcrowding. Moreover, the provision of appropriate housing and poor quality of public services in the face of rising demands also pose challenges for urban areas.

The DPPR's related targets include the production of 10 regional, 60 general and 700 detailed plans for urban centres. It is also aimed to increase the capacity of urban waste disposal up to 1.7 tonnes a year, implement 11 housing projects in various governorates, and to establish an urban observatory to provide a geographical database and lay down housing policies. To achieve these goals, the plan calls for using aerial mapping surveys for planning purposes, reducing the time lapse between the approval of plans and actual implementation, and striking a balance in the distribution of public services with due regard for environmental concerns. Sufficient urban space must be allocated for commercial and industrial enterprises, warehouses and tourist facilities. In tandem, such services must be adequately promoted with improvements in efficiency of related licensing procedures. It is also necessary to expand green areas, and to preserve areas of environmental and economic significance, such as groundwater fields, agricultural areas and nature reserves. The strategy must also include controls over land allocation and distribution to low-income people at affordable prices. Local contractors will be involved in the implementation of basic services and public facilities' projects, regulated by and operating under new professional standards and codes of practice that need to be developed. Housing projects for low-income groups will be implemented in partnership with the private sector in various regions. Vertical expansion of construction will also be encouraged, particularly in major cities, and financial services will be expanded through the Housing Bank in light of specific proposals for restructuring or merging public and mixed sector banks. It is also important to develop facilities for the disposal of solid, hazardous and medical waste, and to initiate projects for recycling and the sorting of waste. Furthermore, the plan calls for the regulation and control of slaughterhouses, central marketplaces and meat markets.

The Yemeni state owns vast areas of land in urban and rural areas under the auspices of *the State-Owned Land and Real Estates Authority*. The Authority faces numerous difficulties related to demarcation of and encroachment on these areas, and the lack of a vision for their management. The DPPR aims achieve optimal use of state-owned land and to increase their revenues by a minimum of 5% a year. To this end, it is intended to restructure the Authority within the framework of one agency, and to modernise its operational systems and information management capacity. Moreover, legal documentation of state lands must be completed, and priority will be given to allocating land for the provision of basic social services and in support of the government's plans for investing in housing projects for low-income people.

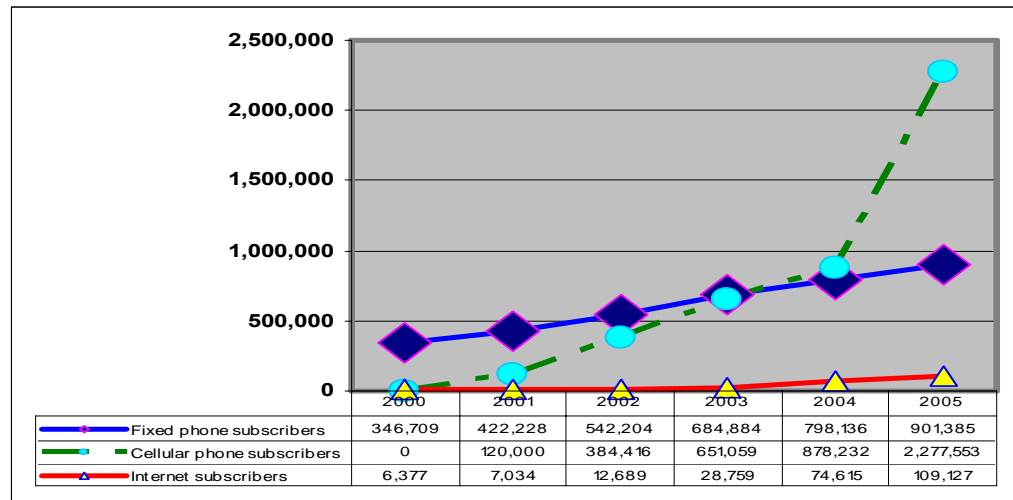
Yemen's Information and Communications Technology (ICT) Sector

Yemen's *information and communications technology (ICT) sector* has a vital role in the infrastructure of the national economy. The sector has enjoyed strong private sector investment and experience significant development with most major and some minor cities and villages currently serviced by a modern telecom network in addition to the rapid spread of cellular phones. During the last four years, the government has been able to increase the fixed telephone line density, and establish an infrastructure comprising a fibre optic network that covers most parts of Yemen. The number of subscriptions to the land (fixed) network was 893,900 in 2005 compared to 346,000 in 2000, with a total increase of 547,200 lines (157.8% increase). Information Technology

has become one of the significant tools for accessing information. Telephone exchange capacities in rural areas increased from 62,000 to 119,000 subscribers during the period of the SFYP. The number of cellular phone subscribers rose by 109% a year on average, while the number of internet subscribers increased at an annual average of 76%.

Phone lines installed during this period were distributed to the governorates by percentages shown in the table.

The main expansion of service was in six governorates - Sana'a City, Hadhramout, Taiz, Ibb, Aden and Al-Hodiedah - where 66% of total installed lines are, while the least coverage was in Marib, Al-Jawf, Al-Maharah and Sa'adah, which altogether represent



only 3.3% of the total installed lines. These expansions led to the improvement of telephone density measured against the number of subscribed lines/100 people, from 2.8 phone lines in 2000 to 4.5 lines in 2005. Aden came in first with 15.6 lines/100 people, followed by Sana'a City (15/100) and 8.5/100 people for Hadhramout because of focused economic activities in the centres of these three governorates. The density declines to below 4.5 lines/100 people in Abyan, Shabwah, Taiz, Marib, Hajjah and Al-Jawf.

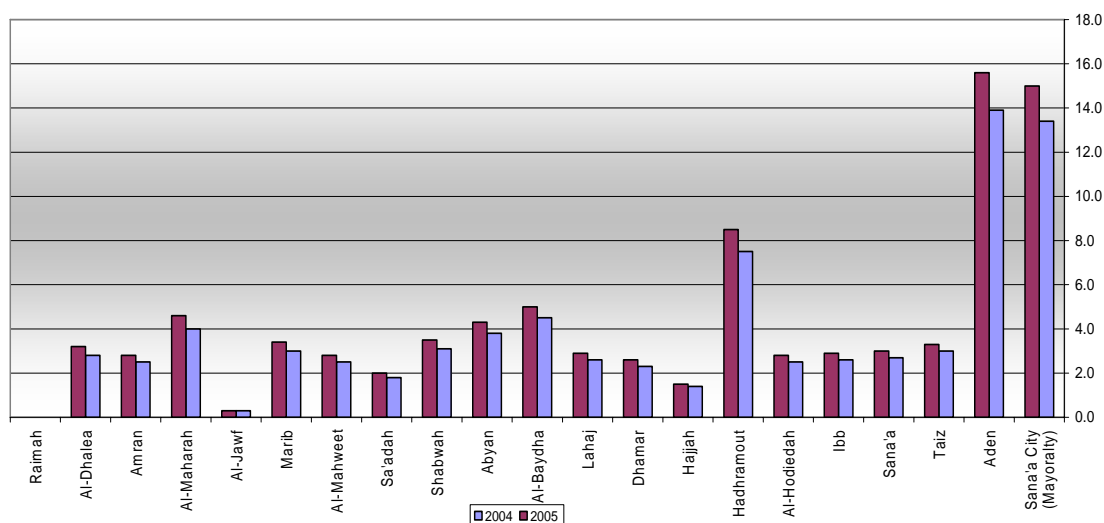
Table 6.6: Numbers of Phone Subscribers and Distribution by Governorate 2000-2005 (In thousand lines)

Governorate	2000	2005	Net Increase	Line/100 people	
				2000	2005
Sana'a City (Mayoralty)	119.4	261.7	142.3	8.0	15.0
Aden	52.2	92.2	40	10.4	15.6
Taiz	35.4	79.5	44.1	1.5	3.3
Sana'a	4.3	27.8	23.5	0.3	3.0
Ibb	20.1	61.6	41.5	1.0	2.9
Al-Hodiedah	28.6	61	32.4	1.5	2.8
Hadhramout	26.9	87	60.1	3.1	8.5
Hajjah	5.6	22.5	16.9	0.4	1.5
Dhamar	10.3	34.4	24.1	0.9	2.6
Lahaj	4.6	20.8	16.2	0.7	2.9
Al-Baydha	8.4	28.6	20.2	1.5	5.0
Abyan	5.2	18.8	13.6	1.2	4.3
Shabwah	2.9	16.5	13.6	0.6	3.5
Sa'adah	5.2	14.2	9	0.9	2.0
Al-Mahweet	3.1	14	10.9	0.7	2.8
Marib	2.8	8.1	5.3	1.2	3.4
Al-Jawf	0.3	1.5	1.2	0.1	0.3
Al-Marah	1.4	4.1	2.7	2.0	4.6
Amran	6.4	24.6	18.2	0.7	2.8
Al-Dhalea	3.6	15	11.4	0.9	3.2
Raimah	-	-	-	-	-
Total	346.7	893.9	547.2	1.9	4.5

The sector's development, however, is hindered by Yemen's rough and inaccessible terrain and dispersed population. Moreover, regional disparities in the availability and quality of phone services together with poor availability of Arabic enabling systems and relatively low levels of computer literacy also pose challenges. The DPPR aims to increase fixed-lines telephone exchanges to 1.5 million lines, and reach a phone density of 54 lines per thousand people. Furthermore, it intends to double the number of cellular phone lines to 4.2 million, equivalent to 183 lines per 1000 people.

To achieve these targets, the Government's strategy will include requisite reforms to the sector's institutions and a privatisation drive. Rising demands for ICT services will need to be met with increased quality, range and quantity in supplies. It is intended to better focus on rural areas through installing fixed wireless phones systems and digital transmission systems. Tariffs will need to be readjusted to more affordable levels in line with local average income realities. Incentives for private sector investments and greater competition are required, particularly among internet service providers. The plan also calls for an upgrade to outgoing traffic interface

Telephone Coverage one line/100 people



ports/gateways so as to enhance transmission capacities.

Yemen's *postal sector* has experienced some improvements during past years through the diversification of postal and financial services it offers to address the needs of the national economy and society. The Public Commission for Post and Postal Saving introduced 7 new postal and 6 new financial services, resulting in a total of 42,000 current accounts by 2005. Moreover, state benefits and superannuation payments through post offices grew by 36% on annual average with the number of beneficiaries reaching about 536,000 in 2005, in addition to a 30% growth in bill payment services. However, the network of the postal service is still limited. The average

number of persons served by a post office is 104,000, representing the lowest postal coverage rate in the world with large disparities between urban and rural areas. Most postal offices lack the minimum assumed specifications in terms of size, location and equipment, which limits their ability to offer intended services, particularly in regard to financial service. The DPPR seeks to provide a comprehensive, quality, reliable and accessible postal service at affordable prices that would achieve customer satisfaction while addressing market needs. The related targets include the provision of one post office or kiosk per 31,000 citizens, and to increase international and domestic postal services by an annual average of 1% and 47% respectively. Moreover, financial services are to be increased by an average of 21% a year, while delegated services are to be increased by an average of 18% annually. For the achievement of these targets, it is necessary to reform the legislative and commercial frameworks, and increase postal service outlets through new fixed and mobile offices. New services will be introduced to address the needs of individuals and institutions in urban and rural areas, in addition to improving the efficiency of the postal network and services in line with international standards. Improved marketing and pricing mechanisms are also needed. In addition, security arrangements must be improved in coordination with the concerned authorities, and delivery services will be enhanced through completion of the requisite system for numbering buildings and naming streets.

Chapter 7: Human Resource Development

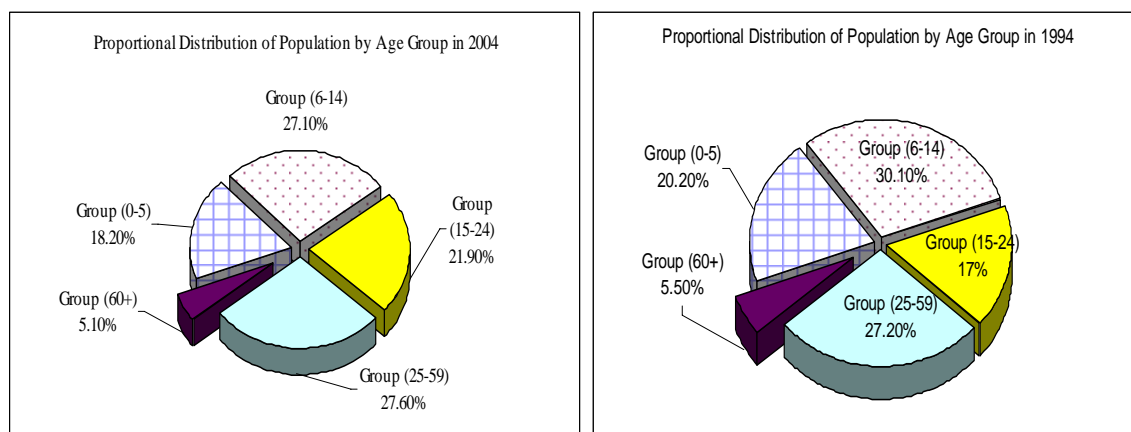
Introduction:

Human resource development is a key driver of sustainable economic and social development. Strategic areas of concentration include population growth, health and education services, skills development, and gender, family planning, maternity and childhood issues.

Yemen's population

Yemen's population growth rate in recent decades has been among the highest in the world, which in the context of comparatively slow economic growth and extreme scarcity of natural resources such as water, has significant socio-political implications for the country. Results of the 2004 Census –of people, households and facilities/firms – however showed a total population of 19.7 million (2004 Census) with a relatively lower annual growth average of 3% during 1994-2004. The lower population growth rate is attributed to a limited decline in overall fertility rates, estimated in 2003 at about 6.2 live births per woman of child-bearing age.

Proportional Population Distribution by Age Group – 1994 and 2004 Censuses



Compared to the 1994 census, the 2004 census outcome indicates a structural change in the age composition of the population; age group (0-14) declined from 50.3% in 1994 to 45.3% in 2004 for both males and females. The (0-5) age group also declined as did the (6-14) age group. By contrast, age group (15-59) increased from 44.2% in 1994 to 49.6% in 2004. This increase was mainly in the adolescents and youth age group (15-24), whereas, the (25-59) age group remained almost fixed over the period. This growth reflects increasing pressure from the supply side in the labour market represented in increased numbers of job-seekers. Yemen suffers from imbalances in population distribution: the central plateau and the mountainous areas (68.3%), the southern and eastern coast (13.4%), Tehama Plains/Meadows (12.7%) and the desert plateau (5.6%). This dispersal renders the provision of basic services (such as education and health) to all areas rather difficult to achieve.

The general objectives and trends of the (DPPR) emanate from the policies of the National Population Strategy (NPS) 2001-2020, which seeks to achieve balance between the growth of population on the one hand, and economic and social growth and meeting the increasing demands of the people on the other. *The DPPR aims to reduce the annual population growth rate to 2.75% by 2010.* The strategy for the achievement of this target would include enhancement of the integration of the demographic dimension in the policies and programs of development; and regulation of the population dynamism/mobility from the rural to the urban areas and redirection of migration towards the promising coastal areas.

The task of improving the status of **children, adolescents and youth** and achieving the MDG's faces a number of challenges that have limited the impact of current policies, programs and interventions, including the large size of the group, and limited funding and the capacity of the group's members. In addition, rural-urban disparities and lack of a fully integrated framework are also among inhibiting factors.

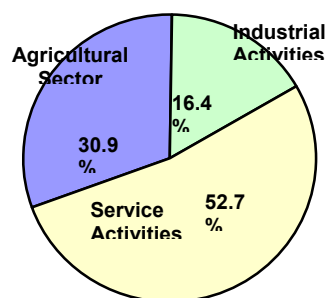
The *DPPR's goals for the under-five age group* include lowering the percentage of educationally neglected children down to 40% by 2010; reducing IMR and U5MR per 1000 live births by 50%, by 2010; reducing MMR from 365 to 180/100,000 by 2010; and to increase vaccination against measles to 95% by 2010.

For the (6-14) age group, the DPPR aims to increase the net enrolment rate in basic education and rate of students completing the sixth grade to 100%; and to increase the percentage of female enrolment in basic education to 45% of total enrolment by 2010.

For the (15-24) age group, the DPPR aims to control the total unemployment rate at 14%; reduce youth unemployment rate to 10% by the end of the DPPR; increase the percentage of females completing the secondary education/high school certificate to 36%; increase female enrolment in higher education to 28%; and deter the increase in the spread of crime and HIV/AIDS.

The DPPR ascribes special significance to improving the productivity and skills of the national **labour force** and addressing the needs of the local labour market. The labour forces increased from about 3.5 million workers in 1999 to almost 4.2 millions in 2004. Employment also increased from 3,089,000 to 3,545,000 workers for the same period, with an average growth rate of 2.8% per annum. The modest growth in employment can be mainly attributed to the predominance of the informal (unregulated) sector in the national economy since that sector is built upon small, individual and family enterprises that rarely provide sufficient and productive job opportunities. The comprehensive survey of facilities/firms in 2004 indicates that there were 407,000 entities that employed 1,170 thousand workers. The remaining 2,375,000 workers work outside these institutions and in the

Distribution of Workers by Economic Sectors in 2004



informal sector, of which 1,087,000 work in the non-institutional agricultural sector. Female labour represents 8.8% of total employment in all firms; three quarters of these women workers are located in Sana'a City and the governorates of Aden, Taiz, Al-Hodiedah, Hadhramouth and Abyan.

Table 7.1: Growth of Working Age Population (15+ years), Labour Force and Unemployment, 1999-2010 (Thousands of persons)

Description	Years				Av. Annual Growth Rate% 2005-2010
	1999	2004	2005	2010	
Working age population (15+ years)	8,994	10,818	11,143	12,762	2.75
Labour force	3,490	4,234	4,368	5,041	2.9
Rate of participation in economic activity %	38.8	39.1	39.2	39.5	-
Employed	3,089	3,545	3,634	4,436	4.1
Unemployed	410	689	734	605	-3.8
Unemployment rate%	11.5	16.3	16.8	12.0	-

Source: Preliminary results of the 2004 General Census of Population and Households.

The period from 1999 to 2004 witnessed unemployment rates rising from 11.5% to 16.3% because of the inability of the national economy to generate enough job opportunities to absorb new entrants to the job market. According to the preliminary results of the 2004 Census, the total number of workers is divided among the agricultural sector (30.9%), education, health, public administration and defence sectors (22.5%) and trade, restaurants and hotel sectors (21.4%). Workers in industry, electricity, gas, water and construction activities make 16.4% of total employment. The balance remaining percentages are: (5.5%) in transport and telecommunications sector, (2.1%) in personal and other social services and (1.2%) in money, financing and real estate activities.

Table 7.2: Distribution of Workers by Economic Activity 2005-2010 (in thousands)

Economic Activity	2005		2010		Net Increase	Average Annual Growth Rate %
	Number	Relative share %	Number	Relative share %		
Agricultural Sector	1,108	30.5	1,245	28.1	137	2.4
Industrial Sectors	600	16.5	826	18.6	226	6.6
Extracting and Manufacturing Industries	234	6.4	290	6.5	56	4.4
Electricity, Water and Gas	18	0.5	28	0.6	10	9.2
Construction and Building	348	9.6	508	11.5	160	7.9
Services Sectors	1,926	53.0	2,365	53.3	439	4.2
Trade, Restaurants and Hotels	796	21.9	1,039	23.4	243	5.5
Transport and Telecommunications	218	6.0	311	7.0	93	7.4
Money, Financing and Real Estates	48	1.3	65	1.5	17	5.8
Personal and Other Social Services	60	1.7	100	2.3	40	10.0
Education, Health, Public Administration and Defence	804	22.1	850	19.2	46	1.1
Total	3,634	100.0	4,436	100.0	802	4.1

One of the most significant challenges that face the job market is the inability of the labour supply to accommodate the demand in quality and quantity. The DPPR aims to reduce growth of working-age population to 2.75% by 2010; to increase the ability of the national economy to create job opportunities by 4.1%/year during the next five years; to reduce unemployment rate to 12%; to conclude bilateral agreements with the Gulf states to absorb a minimum of 50,000 workers a year during the period of qualifying Yemen for GCC accession; and to increase the share of female labour to 15% of the total by 2010.

The Education Sector

The education sector in Yemen is challenged on several fronts:

The illiteracy rate for the age group (10+) years declined from 56% in 1994 to 45.7% in 2004. However, the total number of illiterate people – in absolute numbers – increased from 5.3 million illiterate persons (3.5 million females) to 6.2 millions (4.2 million females). These rates are considered high by international standards and can be attributed to different causes which include a disparity in the distribution of educational services at the level of governorates and directorates; the spread of poverty and school dropouts in the rural areas – particularly among females; and lack of a sufficient number of schools, male and female teachers of literacy and adult education classes.

Table 7.3: Admission, Enrolment and Graduation Trends in Primary & Secondary Education, 2000/2001-2005/2006

Description	Primary Cycle (in thousands)			Secondary Cycle (in thousands)		
	2001/2000	2006/2005	Increase %	2001/2000	2006/2005	Increase %
Admission						
Males	337	462	37.1	133	176	32.3
Females	245	346	41.2	51	79	54.9
Total	582	808	38.7	184	255	38.6
Enrolment						
Males	2,185	2,671	22.2	355	474	33.5
Females	1,216	1,686	38.7	130	209	60.8
Total	3,401	4,357	28.1	485	683	40.8
Graduation						
Males	107	132	23.4	83	101	21.7
Females	42	73	73.8	30	48	60.0
Total	149	205	37.6	113	149	31.9

Literacy classes were expanded as the number of male and female students in 2005/2006 reached 171,000, about 149,000 of them were females – making up 87% of total enrolment. This higher percentage reflects the success of the literacy and adult education program in attracting girls who did not have the chance to join basic education or who have previously dropped out.

The success this program has made in Al-Hodiedah Governorate – more than in any other governorate – in attracting male students, who represented half the total enrolled students in the country, has been notable. Taiz Governorate came in first in terms of the number of female enrolled students as the number reached 24,740 compared to only 847 female students in Al-Jawf Governorate.

It is worth mentioning as well that the number of those enrolled in literacy and adult education classes did not exceed 2,000 in Aden Governorate because of the low illiteracy and dropout rates there and the high adolescent/young enrolment rates in the basic education system unlike in the other governorates.

Table 7.4: Ratio of Male and Female Students to Gross Enrolment in Literacy Centres, 2005/2006

Governorate	Numbers			Percentage %		
	Male	Female	Total	Male	Female	Total
Sana'a City	152	11,716	11,868	1.3	98.7	100.0
Sana'a	579	10,530	11,109	5.2	94.8	100.0
Aden	171	1,838	2,009	8.5	91.5	100.0
Taiz	475	24,740	25,215	1.9	98.1	100.0
Al-Hodiedah	10,448	22,121	32,569	32.1	67.9	100.0
Lahaj	171	3,618	3,789	4.5	95.5	100.0
Ibb	256	7,583	7,839	3.3	96.7	100.0
Abyan	31	2,024	2,055	1.5	98.5	100.0
Dhamar	1,577	7,418	8,995	17.5	82.5	100.0
Shabwah	594	5,112	5,706	10.4	89.6	100.0
Hajjah	1,335	8,511	9,846	13.6	86.4	100.0
Al-Baydha	215	1,813	2,028	10.6	89.4	100.0
Hadhramout	903	3,848	4,751	19.0	81.0	100.0
Sa'adah	1,483	2,989	4,472	33.2	66.8	100.0
Al-Mahweet	564	8,686	9,250	6.1	93.9	100.0
Al-Maharah	561	1,389	1,950	28.8	71.2	100.0
Marib	515	3,344	3,859	13.3	86.7	100.0
Al-Jawf	100	847	947	10.6	89.4	100.0
Amran	489	10,148	10,637	4.6	95.4	100.0
Al-Dhalea	1,136	4,681	5,817	19.5	80.5	100.0
Raimah	595	5,848	6,443	9.2	90.8	100.0
Total	22,350	148,804	171,154	13.1	86.9	100.0

Box 7.1: Interventions and the Cost of Primary and Secondary Education to Achieve the MDGs:

Yemen's Public Education Needs Assessment showed that achieving the goal of universal primary education by 2015 requires quality interventions and infrastructure. The interventions include institutional reform, increasing the number of female teachers and updating curricula. These reforms are based on the fact that 35.7% of children in the 6-14 age group are still not enrolled, which means that more than 2 million children did not have the chance to benefit from primary education. The report also specified the following financial requirements for achieving the MDG targets by 2015:

Educational Cycle	In US\$ million
Primary Education	13,121
Secondary Education	2,321
Total	16,309

Source: Report on Sectoral Needs Assessment to Achieve MDGs, 2005

Literacy and adult education programmes have undergone many positive developments during the last five years; the level of enrolment in literacy centres increased from 66,100 in 2000 to about 171,200 in 2005, an increase rate of 159%. The number of persons enrolled at basic and women training centres increased from 2,562 male and female trainees to 10,952 during the period, an increase rate of 327%. The 2004 Census indicates that illiteracy rate among the 10+ age group was 45.7%, with a greater disparity between males (29.8%) and females (62.1%). The Census also shows that the literacy rates rose to 31.7% of the total population, which leaves three quarters of the population with less than a primary level education. The scale of illiteracy can be attributed to a large portion of children in the 6-14 age group remaining outside schools, and to the trend of dropping out of school, especially among females. Other reasons include poor public awareness of the issue involved, inadequate literacy and adult education programs in the rural and remote areas. The DPPR aims to reduce illiteracy by 20% among the 10+ age group; train 30,000 trainees in the basic and women training programs during the period 2006-2010, and provide them with life skills and basic knowledge to get jobs and improve their standard of living.

Basic Education

Basic education has achieved a rapid growth rate in the numbers of enrolled students. During the period 2000/2001-2005/2006, the number of male and female student enrolments in the basic education level increased from 3,402,000 to 4,357,000, averaging a 28% increase for both sexes in all governorates. The number of male students increased from 2.2 millions to about 2.7 million; the number of female students

Box 7.4: Basic Amenities and Supplies in Schools

Most schools in rural areas lack basic amenities and services. 61% of school buildings lack essential supplies, 94% of schools lack library rooms, 85% lack rooms for teachers, and 95% are without rooms for school activities. Moreover, most school buildings lack toilets, particularly in girl schools. 51% of primary schools and 23% of secondary schools have no electricity, while most suffer from dilapidated equipment and desks.

grew from 1.2 millions to 1.8 million. The gross enrolment rate in basic education for both sexes reached 64.3% in 2005/2006 in all governorates - 73.1% for males versus 53.9% for females. Al-Maharah, Al-Mahweet, Taiz, Sana'a City and Aden governorates come in first with more than 70% total enrolment rate, whereas it varies between 62% and 65% in the rest of the governorates. The number of girls enrolled in basic education during the period 2000/2001-2005/2006 rose by 38.6% compared to 22.2% for boys in all governorates. In some governorates like Shabwah, Al-Maharah, Al-Dhalea, Sa'adah and Al-Jawf, girl enrolment exceeded the overall ratio ranging between 63.6% and 51.9%. By contrast, the ratio dropped below the overall ratio in Hadhramout, Sana'a City, Al-Hodiedah, Aden, Abyan, Taiz and Sana'a, ranging between 23.2% and 36.9%. It is noted, however, that there is a relative improvement in gender in favour of girls between 2000/2001 and 2005/2006. This relative improvement is attributed to the expansion in classes, schools and their girl facilities in the rural areas, in addition to offering food aid and exemption from school fees. The reason behind the wide gender gap is ascribed to the increase in girl drop out rates due to early marriages, living conditions, lack of sufficient number of girl schools in rural areas and lack of female teachers in many administrative units.

Primary education is served by 244 kindergartens in 2005, (178 of these in the private sector) and 14,617 primary schools (including 260 in the private sector) with 82,354 classrooms with a capacity of 4.4 million pupils, 38.7% of whom were females.

Enrolment rates for the age group (6-14) increased to 64.3% (73.1% males and 53.9% females), which fell below the 69.3% targeted in the SFYP. These indicators hide significant disparities between rural and urban areas, and between dispersed communities and population concentrations. They also highlight the fact that a large portion of the primary-school age group (6-14) remains outside schools.

Table 7.5: Students Enrolled in Basic Education, 2000/2001-2005/2006, by Governorate

Governorates	2000/2001			Female/Male Ratio%	2005/2006			Female/Male Ratio%
	Male	Female	Total		Male	Female	Total	
Ibb	281,430	147,064	428,494	34.3	329,344	208,137	537,481	38.7
Abyan	52,117	30,829	82,946	37.2	63,867	39,469	103,336	38.2
Sana'a City	168,193	147,364	315,557	46.7	204,887	195,046	399,933	48.8
Al-Baydha	63,073	33,207	96,280	34.5	76,451	48,339	124,790	38.7
Taiz	331,309	230,420	561,729	41.0	382,375	293,372	675,747	43.4
Al-Jawf	23,739	12,615	36,354	34.7	34,355	19,159	53,514	35.8
Hajjah	131,028	58,062	189,090	30.7	164,575	84,100	248,675	33.8
Al-Hodiedah	175,728	104,855	280,583	37.4	218,448	138,429	356,877	38.8
Hadhramout	105,168	64,703	169,871	38.1	128,926	88,581	217,507	40.7
Dhamar	159,506	60,345	219,851	27.4	189,995	86,306	276,301	31.2
Shabwah	51,669	21,214	72,883	29.1	67,892	34,713	102,605	33.8
Sa'adah	68,470	19,431	87,901	22.1	84,931	29,833	114,764	26.0
Sana'a	167,167	64,769	231,936	27.9	162,573	79,823	242,396	32.9
Al-Dhalea	59,597	28,828	88,425	32.6	72,273	44,488	116,761	38.1
Aden	51,010	44,375	95,385	46.5	63,364	57,769	121,133	47.7
Amran	118,629	47,456	166,085	28.6	150,344	70,185	220,529	31.8
Lahaj	91,566	52,841	144,407	36.6	111,651	74,873	186,524	40.1
Marib	25,729	14,336	40,065	35.8	34,088	20,531	54,619	37.6
Al-Mahweet	53,266	28,233	81,499	34.6	67,248	40,774	108,022	37.7
Al-Maharah	6,884	5,283	12,167	43.4	10,346	8,279	18,625	44.5
Raimah	...	...	...	...	53,417	23,529	76,946	30.6
Total	2,185,278	1,216,230	3,401,508	35.8	2,671,350	1,685,735	4,357,085	38.7

B- Secondary Education

The number of male and female students enrolled in secondary schools increased from 482,000 to 683,000 during 2000/2001-2005/2006 with a 42% increase for both sexes in all governorates.

Table 7.6: Students Enrolled in Secondary Education, 2000/2001-2005/2006

Governorate	Enrolled/gross students ratio 2000/2001		Enrolled/gross students ratio 2005/2006		Increase %	
	Male	Female	Male	Female	Male	Female
Ibb	78	22	73.4	26.6	28.96	65.65
Abyan	74.6	25.4	72.2	27.8	26.8	43.3
Sana'a City	54.9	45.1	52.2	47.8	35.79	51.64
Al-Baydha	86.6	13.4	81.8	18.2	40.53	102.5
Taiz	65.3	34.7	61.2	38.8	27.19	52.18
Al-Jawf	78.5	21.5	71.0	29.0	43.01	113.7
Hajjah	82.0	18.0	77.3	22.7	38.92	86.17
Al-Hodiedah	62.2	37.8	59.3	40.7	37.26	55.1
Hadhrumout	75.3	24.7	74.0	26.0	68.52	80.48
Dhamar	85.4	14.6	82.1	17.9	29.21	64.53
Shabwah	97.7	2.3	94.7	5.3	44.47	237.3
Sa'adah	90.5	9.5	88.3	11.7	43.27	79.9
Sana'a	89.1	10.9	84.6	15.4	8.061	60.88
Al-Dhalea	86.4	13.6	82.5	17.5	30.98	76.6
Aden	55.0	45.0	53.1	46.9	30.93	41.56
Amran	86.8	13.2	83.1	16.9	35.25	81.17
Lahaj	76.3	23.7	71.8	28.2	38.93	75.43
Marib	81.8	18.2	75.3	24.7	48.65	119.4
Al-Mahweet	85.0	15.0	79.2	20.8	32.41	96.75
Al-Maharah	62.9	37.1	57.6	42.4	77.6	122.4
Raimah	0.0	0.0	78.3	21.7	0	0
Total	73.2	26.8	69.4	30.6	34.47	61.5

The gross enrolment rate in secondary education for both sexes during 2005/2006 is 40.5% in all governorates - male 55.7% vis-à-vis 25% for females. Governorates vary in their gross secondary education enrolment rates, with Taiz and Sana'a City coming at the top. The rates go down to reach 18.3% in Al-Maharah. The number of girl students in secondary school increased by 61.5% during 2000/2001-2005/2006 compared to 34.5% for males. Female enrolment rates ranged between 57% in Sana'a City and 2.6% in Shabwah Governorate. This disparity is attributed to the tendency of girls to drop out of secondary school in search of a job opportunity or because of local social and cultural considerations, to repeated retention in classes lack of secondary schools, particularly in rural areas.

The number of male and female enrolments in *secondary school* increased from 484,500 (36.9%) in year 2000 to 682,765 (40.5%) in 2005, which was close to the targeted 41.3% in the SFYP. In addition, the gender disparity was reduced to 56% though it remains biased in favour of male students. The number of classrooms also increased to 11,981 with an average density of 57 male and female students though it might reach 80 students per classroom in major cities and areas of population concentration, such as Sana'a City. Dropouts from secondary school remain high at 35%.

Key challenges facing public education in Yemen include a wide population dispersal that limits access to all communities, high population growth and a largely young population with increasing demand on educational services, lack of financial resources, educational facilities, libraries, laboratories, inadequate curricula development, and the high operations, maintenance and renovation costs of ageing schools. Although the private sector's role in public education is increasing, its investments did not reach the desired levels of partnership. The DPPR aims to increase the combined primary and secondary enrolment (for the 6-14 age group) 78% by 2010, and for the 15-17 age group to 50.6%. It aims to reduce enrolment disparities between the rural and urban areas. These aims will be achieved through strategies that include reforming and public education institutions, and upgrading their facilities and curricula. Private sector investment in the sector will be encouraged and educational services will be diversified. The number of female school teachers in the rural areas will be increased, and female graduates will be encouraged to work in rural areas while dormitories will be provided for them in remote areas. Poorer students, particularly girls, will become exempt from school fees and provided with schooling necessities, and the schools' nutrition projects will be expanded in the rural areas.

Box 7.2: Education Partnership with Donors

Supported by the World Bank and other donors, implementation of the Primary Education Expansion Project started in 2001 in the governorates of Sana'a, Amran, Al-Mahweet and Al-Dhalea. The Project succeeded in reaching out to poor and underprivileged communities, implementing the government's decentralization policies and increasing the efficiency of spending and building schools at low costs. It was also successful in improving teachers' and administrative staff's capacities at the directorates level and ensuring the operation of schools. Enrolment rates increased, particularly for girls, and the number of girls in the first grade surpassed that of males in the schools covered by the Project. Girls' enrolment rate in these areas jumped from 53% in 2002 to 62% in 2004. Yemen has been listed on the Fast Track Initiative since 2004 with coverage expanded to new governorates such as Al-Hodiedah, Hijjah, Al-Baydha, and Dhamar. The GoY, in cooperation with the donors, designed the Primary Education Development Program, which was launched in 2005. The Program aims at providing support to the programs of reforming and developing quality primary education and at extending the coverage to include other governorates.

Source: Achievement Report on Primary Education Expansion Project, 2005

Table 7.7: Primary and Secondary Education Targets, 2005-2010

Qualification	Description	Gender	Years					
			2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011
Primary Education	Admitted/ Enrolled at the age of 6	Male	254	292	332	374	419	467
		Female	205	246	289	335	384	436
		Total	459	538	621	709	803	903
	Enrolled/ Attended	Male	2671	2835	3007	3190	3318	3578
		Female	1686	1894	2111	2345	2589	2847
		Total	4357	4729	5118	5535	5907	6425
	Graduates	Male	132	172	184	197	212	226
		Female	73	82	88	95	99	108
		Total	205	254	272	292	311	334
	Teachers	Male	112	119	124	130	136	141
		Female	46	53	60	69	79	89
		Total	158	172	184	199	215	230
Secondary Education	Admitted/ Enrolled	Male	177	188	201	214	228	242
		Female	79	85	91	98	105	113
		Total	256	273	292	312	333	355
	Enrolled/ Attended	Male	474	510	549	592	639	689
		Female	209	228	250	273	300	329
		Total	683	738	799	865	939	1018
	Graduates	Male	100	108	117	126	136	147
		Female	49	55	61	67	75	83
		Total	149	163	178	193	211	230
	Teachers	Male	13	14	15	15	16	17
		Female	4	5	6	7	8	9
		Total	17	19	21	22	24	26

1.3 Technical Education and Vocational Training

The period 2001-2005 witnessed a tangible expansion in establishing vocational and technical institutes as their number increased from 29 to 55 by the end of 2005. More than ten new governorates entered the field of technical, technological and vocational education. As a result, the number of enrolments and trainees in the five governorates of Sana'a City, Aden, Taiz, Al-Hodiedah and Hadhramout grew by 38.2% - making 114,620 in total. By contrast, the number of those enrolled in the governorates of Lahaj, Amran, Al-Mahweet, Raimah and Marib declined. The technical education and vocational training system had experienced slow growth in the number of females enrolled, at very low numbers exclusive to nursing. The number of *technical education and vocational training* centres in Yemen rose from 26 to 55 during the period 2000-2005, and enrolments more than trebled, from 6,567 male and female students to 20,209 during the same period.

In addition to introducing some new technical fields/specialties, this increase came as a result of affiliating some of these institutes with the Ministry of Technical Education and Vocational Training (from other agencies such as the Education Ministry). The number of female enrolments in this type of education is on the rise every year. However, these numbers remain below the level needed to address the demands of the labour market. In 2005/2006, 2,300 female students represented 11.4% of the total number of students in all vocational and technical institutions and community colleges. Technical education and vocational training face many obstacles such as the low capacity of vocational and technical institutes and community colleges, the traditional and stereotypical nature of the programs, as well as the lacklustre qualifications of teachers and trainers and inadequate follow-up training to keep pace with technological and scientific advances.

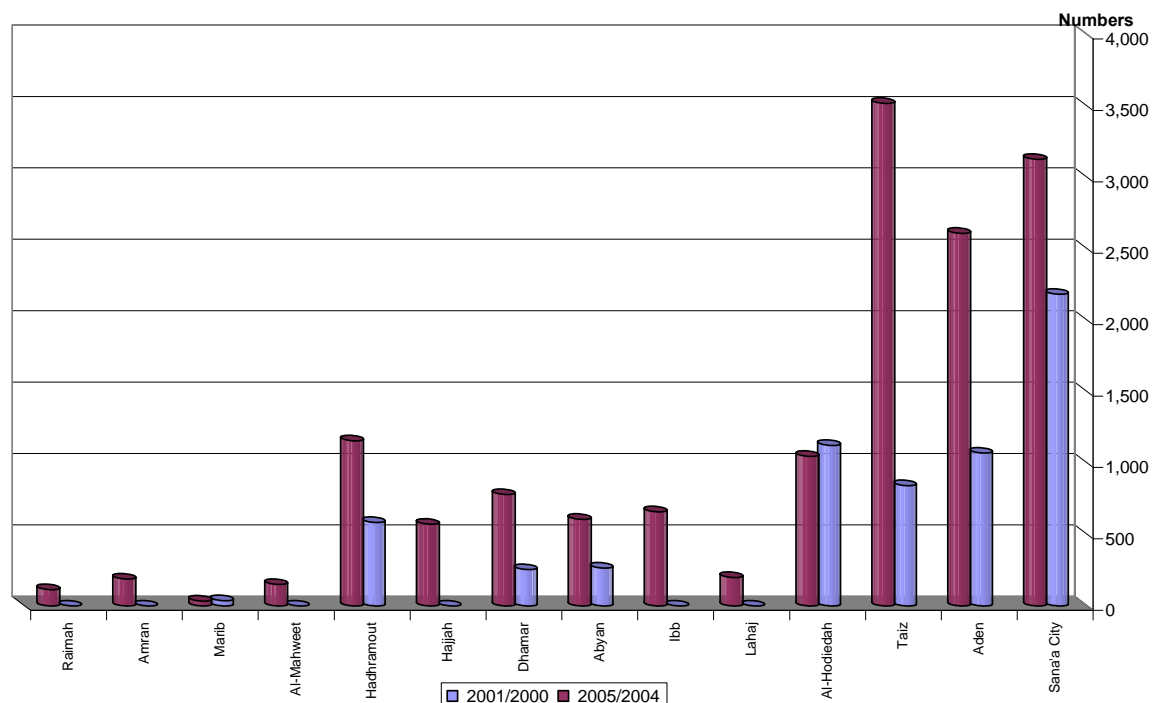
Box 7.6: Technical Education and Girls

Although there are no legal impediments to prevent girls from enrolling in technical education and vocational training, gender disparities in this are on the rise. Female enrolments in 2004 made up 20% of the total, which indicates social resistance to female involvement as well as a lack of subject areas of interest to girls. This situation calls for reconsidering the goals, policies and educational plans for all types and levels of education. What is also needed is diversification and development of this education sector and its curricula and topics to enable it to adapt to the variables of the times and the requirements of development and the labour market.

Table 7.8: Growth of Technical and Vocational Education, 2000/2001-2005/2006

Description	Technical and Vocational Education			Technical Education		
	2001/2000	2006/2005	Increase %	2001/2000	2006/2005	Increase %
Admitted/Enrolled	2,393	5,654	136.0	597	5,287	786
Enrolled/Attended	5,715	10,336	80.8	852	9,873	1,059
Graduates	1,687	3,411	102.2	222	2,748	1,138

Enrolled Students in Vocational and Technological Institutes, 2000/2001-2004-2005, by governorate



There is also low public awareness about the significance of vocational training and the role women can play through this type of education. In addition, the relationship between the technical education and vocational training institutions and the private sector remains inadequate. The DPPR's goals in this area include the achievement of a relative balance between secondary education on the one hand, and technical education and vocational training on the other through increasing the enrolment capacity of the latter to 7% of total enrolment in secondary education by 2010. Moreover, the plan aims to expand technical education and vocational training both vertically and horizontally by increasing the number of such centres to 145 by the year 2010.

Table 7.9: Targets of Technical Education and Vocational Training, 2006-2010

Description	Level	2006/05			2011/10		
		Male	female	Total	Male	female	Total
Admitted/ Enrolled	Vocational Institutes	5,330	324	5,654	11,869	1,017	12,886
	Technical Institutes	3,201	516	3,717	7,966	1,283	9,249
	Community Colleges	1,272	298	1,570	3,714	872	4,586
	Total	9,803	1,138	10,941	23,549	3,172	26,721
Enrolled/ Attended	Vocational Institutes	9,595	741	10,336	23,350	2,128	25,478
	Technical Institutes	5,602	903	6,505	14,272	2,298	16,570
	Community Colleges	2,713	655	3,368	8,411	1,974	10,385
	Total	17,910	2,299	20,209	46,033	6,400	52,433
Graduates	Vocational Institutes	3,199	212	3,411	6,402	555	6,957
	Technical Institutes	1,920	367	2,287	5,044	964	6,008
	Community Colleges	347	114	461	1,586	441	2,027
	Total	5,466	693	6,159	13,032	1,960	14,992

The strategy for achieving these goals includes enhancement of institutional and regulatory capacities of the technical education and vocational training sector, and restructuring it to respond to the training needs of society and the business sector. The plan also lays out ways to encourage private sector involvement in the development of the sector, and to establish strong partnerships for this purpose and upgrade curricula, provide the requisite training for teachers, and establish quality institutes geared toward the needs of young girls and women. The needs of the rural population must also be addressed, and programmes introduced for training the unemployed together with special provisions to enable the poor to participate in vocational training. The plan also aims to operationalise the Technical and Vocational Training Fund; diversify its funding sources, and encourage beneficiaries to pay part of the costs. Soft loan schemes and marketing initiatives will be launched to serve the above strategy.

Higher Education

Public university education services are concentrated in the capitals of the major governorates - Sana'a, Aden, Taiz, Al-Hodiedah, Dhamar, Ibb and Hadhramout; meanwhile, branches of some faculties have been opened in most of the other governorates. As a result of public universities' admission policies that mainly emphasize scientific potential, the number of male and female students enrolled declined from 174,000 in 2000 to 170,500 in 2005. Sana'a University received 46% of the gross enrolments, followed by Taiz and Aden universities with 15% and 14% respectively. The remaining 25% of students were distributed to the four other universities.

Table 7.10: Students Enrolled in Public Universities, 2000-2005

Number	University	No. of Students Enrolled in Universities (thousands)		Relative Distribution of Students	
		2000	2005	2000	2005
1	Sana'a	85.2	78.8	49	46
2	Aden	20.1	23.2	12	14
3	Taiz	26.1	25.5	15	15
4	Al-Hodiedah	14.6	12.8	8	7
5	Dhamar	12.4	12.0	7	7
6	Ibb	9.5	9.7	5	6
7	Hadhramout	6.4	8.5	4	5
Total		174.3	170.5	100	100

The higher education sector in Yemen includes seven universities with 87 faculties in the public sector in addition to 58 faculties in 11 private universities in year 2005. The GoY's recently adopted admission policy reduced overcrowding with a 16% decline in the number of students admitted (total of 60,000) in 2005 down from 71,600 in 2000. The decline was also due to an increasing tendency towards enrolling in private universities, as well as encouragement by the government towards technical education. Only 16% of total enrolments joined the scientific and applied faculties/schools, with further decline of female enrolments (5.1% of

the total). This decline can be mainly attributed to the limited admission capacity of scientific and applied faculties/schools. Data indicate that most graduates major in theoretical and human sciences fields in numbers that outmatch those needed by the labour market. The Government has recently approved the establishment of a university of technology in Amran Governorate to attract students to enrol in majors in engineering, computer science and electronics. There was a notable growth in the numbers of female students who enrolled in and graduated from state universities, from 44,000 female enrolments and 5,300 female graduates in 2000 to 48,000 enrolments and 7,300 graduates in 2005. There was also an increase in the numbers of research and studies centres extant during the previous period as well as researchers and people interested in scientific research. There are 16 university-affiliated research centres to date, in addition to nine independent government institutions, commissions and centres for scientific research. Moreover, there are the scientific research and rehabilitation centres affiliated with CSO's and the similar units or departments in some ministries and government institutions.

Box 7.8: University Curricula

Whether in state or private universities, undergraduate education in Yemen suffers from the rigidity of most curricula that were minimally adjusted, updated and developed based upon the individual initiatives of some of faculty members. These curricula remain as they were the day they were devised without any updating to keep abreast of recent developments in various fields. They even exhibit minimal concern with the revolution in information technology. Two factors hinder the development of curricula: instructors and students depend on photocopied notes from old references; and, modern references and periodicals are lacking. Recently, there have been some efforts at updating the curricula and teaching methods in some universities to meet the requirements of the times and the spirit of advancement, while maintaining the Islamic identity and national heritage.

The most important difficulties that higher education and scientific research face are the absence of a clear philosophy that keeps pace with the developments in knowledge, accreditation and quality control standards, and the predominance of theoretical and humanities majors. Other difficulties include outdated curricula, a weak admission policy that does not correspond to market needs and weak scientific research. The latter itself suffers from many difficulties such as lack of a national strategy for scientific research, deficient institutional regulation that links its various bodies and limited infrastructure needed for its development. The weak human cadre working in scientific research, its weak relation with society, and meagre funding are also among the obstacles.

Box 7.7: Private Higher Education

The Government has encouraged the private sector to offer educational services from the pre-school level to higher education in compliance with economic reform and privatization strategies adopted since 1995. In spite of the increasing number of private universities, they do not differ very much from their state counterparts with the predominance of human sciences courses offered. These universities do not contribute adequately to enhancing the knowledge-base and development of society. Compared to the state universities, these private sector academic institutions do not fair better as far as discipline is concerned. They also depend mainly on the faculty members of their state counterparts, using the same textbooks and curricula. Most of these private universities are located in Sana'a and cater for students who were not able to join the state universities because of their low grades in secondary education, yet they can afford the tuition fees in the private sector in addition to considerable numbers of expatriates' sons and foreign nationals.

Source: Third National Human Development Report

Table 7.11: Targets for Tertiary Education, 2005/2006-2010/2011

Description	Type of Faculty	2006/2005			2011/2010		
		Male	Female	Total	Male	Female	Total
Admitted/ Enrolled	Applied	5,763	2,560	8,323	8,643	3,942	12,585
	Humanities	38,997	12,989	51,986	47,214	17,359	64,573
	Total	44,760	15,549	60,309	55,857	21,301	77,158
Enrolled/ Attended	Applied	18,972	8,627	27,599	33,056	14,232	47,288
	Humanities	103,827	39,204	143,031	140,573	54,330	194,903
	Total	122,799	47,831	170,630	173,629	68,562	242,191
Graduates	Applied	3,096	1,217	4,313	4,666	1,939	6,605
	Humanities	14,919	6,058	20,977	21,611	8,652	30,263
	Total	18,015	7,275	25,290	26,277	10,591	36,868

The DPPR's targets for the higher education sector include a total enrolment rate of 10% for the 19-24 age group, with a female ratio of 20% by 2010. Moreover, it aims to increase the share of science-related enrolments to 20% over the same period. In order to achieve these targets, the Ministry of Higher Education and Scientific Research and its affiliated academic institutions will be reformed and revitalized to improve their performance and effectiveness, and the regulatory and legislative framework will be revamped. It is necessary also to diversify sources of funding for the sector, and improve the supervisory role and performance of higher councils for education. University management capacities will also be enhanced, and higher education curricula will be upgraded to cater for the needs of sustainable development and local and regional markets in a dynamic manner. Resource allocation for universities will be increased, and mechanisms for increased accountability and transparency introduced. Admission policies will continue to reflect capacities and concentrate further on expanding science programmes and enrolments. Strengthening students' abilities in the English language and computer skills are priorities, as is encouraging female and rural students to enrol. Innovative partnership arrangements between public, private and civil society institutes will need to be established in order to widen the scope and relevance of higher education domestically and beyond.

Box 7.9: University Graduates and the Labour Market

During the last three decades, universities in Yemen provided, to a great extent, many of the national cadres to the state institutions and the private sector - though in varying degrees. These universities were also able to replace Arab and other expertise with national cadres. The faculties/schools of education in the state universities have graduated large numbers of the teaching and educational staff to the extent that increase should now be reduced due to a surplus in humanities graduates.

Nevertheless, it is evident that there is a weak link between education, requirements of development and the needs of the labour market. This weakness is translated into the increase of unemployment among the educated including university graduates. It can also be seen in the lack of ability to respond to the demand on some of courses, skills and tools needed to keep up with the revolution in information technology. This situation results in imbalances that eventually push some university graduates to accept doing jobs that do not correspond to their skills and for lesser pay.

Source: Third National Human Development Report

The Health Sector:

Health sector facilities grew remarkably during the period of the SFYP. The number of hospitals increased from 121 in 2000 to 178 in 2005 (47% increase). Health centres also grew from 688 to 895 (30% increase) for the same period. Similarly, the number of health units increased from 1,818 to 2,730 (45.1% increase). Maternity and childhood centres grew by 90% from 241 to 460 centres. Data shows that the percentage of access to health services is 58% of the total population - 80% in the urban areas and only 20% in the rural. Forty percent of the population has access to public sector health facilities compared to 60% for the private sector. The year 2005 was a giant leap in child immunization. Coverage against the six diseases was at 80%, against Polio: 96% and Measles: 76%. Malaria cases went down from 25.5% in 2003 to 9.6% in 2005. Yemen has grown closer to the international goal of controlling Tuberculosis (TB), and started implementing the National Strategy for the Prevention of HIV/AIDS. The National Program for Medicinal Supply distributed YR 950 million worth of medicines and drugs in 2005 compared to YR700 million in 2004.

At the local level several factors play a role in the quality and availability of health services. Key variables include the geographical deployment of health services centres, the number of population that can be served per a centre and the number of MD doctors (physicians) and nurses available per ten thousand people. The analysis has showed the following:

A- Health Cadres: Governorates vary in their share of health staff. The 'one doctor/10,000 people' indicator indicates that Aden, Sana'a City and Al-Maharah achieved the highest rates during 2000-2004, whereas the least privileged governorates for their shares were Dhamar, Al-Jawf and Hajjah by the end of 2004. Data illustrates a discrepancy in the 'one nurse/10,000 people' indicator among the governorates. Generally, it is noted that there is a severe shortage in the number of male and female nurses whether nation-wide (5 nurses/10,000 people) or at the governorate level, where the index ranged between 29.3 in Al-Maharah and 0.8 in Al-Hodiedah. This situation reflects the misdistribution of health services and the low level performance of health facilities, particularly at the level of the administrative units. Most physicians and nurses are usually available in cities and, to a lesser or almost rare extent, in rural health facilities.

Box 7.10: Access to Health Services

Primary health care is a basic societal right of every citizen and an important criterion for poverty reduction. Offering health services should be based on people's needs, and not on their ability to pay. Data shows that the percentage of access to health services is 58% of the total population - 80% in urban areas and only 20% in the rural. Forty percent of the population have access to public sector health facilities vis-à-vis 60% that have access to private health care. Of the latter group, 27% are poor households and 35% are not poor. The highest percentage of health services was in immunization for children under five (56%).

Table 7.12: Health Services Indicators , 2000-2004

Governorate	Doctor/10,000 people		Nurse/10,000 people	
	2000	2004	2000	2004
Aden	13.3	13.5	11.3	25.4
Sana'a City (Mayoralty)	7.4	9.5	3.5	2.1
Al-Maharah	4.3	5.3	34.7	29.3
Sana'a	0.6	2.4	1.1	2.4
Taiz	2.6	2.0	0.7	0.9
Al-Hodiedah	0.9	1.1	2.0	0.8
Lahaj	2.7	3.4	11.9	8.8
Ibb	0.9	0.9	1.6	1.9
Abyan	2.0	4.5	21.4	15.3
Dhamar	0.5	0.6	1.5	2.0
Shabwah	1.9	2.9	9.6	13.0
Hajjah	0.6	0.7	1.6	1.5
Al-Baydha	1.0	1.2	4.2	2.3
Hadhramout	2.4	4.2	7.6	10.4
Sa'adah	0.6	1.0	0.7	1.3
Al-Mahweet	0.8	1.2	1.9	3.9
Marib	0.8	2.2	2.3	5.6
Al-Jawf	0.1	0.6	0.6	1.4
Amran	0.0	1.1	1.1	2.6
Al-Dhalea	1.2	2.1	1.1	6.8
Raimah		0.2	0.0	1.4
Total	1.7	5.6	4.4	5.0

B- Health Facilities: Coverage of health services has grown in all governorates, though geographically disproportionate. Health services coverage still remains below some of the desired levels, which negatively influenced the health conditions of the population.

Some governorates improved as far as health coverage indicators are concerned. For the 'hospital per thousand people' indicator Dhamar came in first during 2000-2004, followed by Ibb, Sa'adah and Marib. By contrast, the same indicator declined in a number of governorates such as Sana'a City, Hajjah, Hadhramout, Al-Maharah and Al-Dhalea with a sharp disparity in geographical distribution of health centres, health units and maternity and childhood centres among the governorates.

Despite recent developments, availability of health services remains limited and coverage does not exceed 58%. MMR increased to 366/100,000 births; IMR and U5MR also increased to 75/1000 and 102/1,000 live births respectively, in addition to the spread of some contagious diseases. Health sector services cannot keep up with the increasing needs of a fast-growing population, only 23.1% of which use family planning methods. Other difficulties/challenges include bad distribution of health facilities, lack of financial resources of the sector – 5.2% of the state budget – and poor equipment/supplies. The list also includes poor human resources management,

Box 7.11: Impediments to Access Health and Medical Services by the Poor

The 2005 "Voices of the Poor" study indicated the presence of some impediments to access to health and medical/therapeutic services. From the point of view of the poor, these impediments include the following:

- **Geographical Impediments:** these include remoteness of health centres and units from communities, and the rugged/rough roads, especially in the rural areas, which increases the cost of taking patients to health centres and aggravates their health conditions on the way.
- **Administrative Impediments:** these impediments increase the difficulty of accessing services because the facilities either are closed or lack basic medicines. In addition, the health cadre/staff are always absent in light of the lack of monitoring, oversight and follow up.
- **Financial Impediments:** these are reflected in the health services fees starting with the screening, conducting medical tests and the cost of medicines, which burdens the poor and is more than what they can afford.

Voices of the Poor Study 2005

inadequate training and qualifications of the staff, vulnerable health environment and low health awareness among the population.

The DPPR's goals include expansion of basic health services to cover 67% of the population by 2010, increasing life expectancy at birth to 67.5 years, and reducing IMR and U5MR to 65/1,000 and 87/1,000 live births by 2010. The Government's strategy for achieving these goals include the rationalization of structural reforms in the sector, and development of its institutional and financial capacities starting with the Ministry of Public Health and Population.

Table 7.13: Health Sector Targets

Program	Goals
Reproductive Health	<ul style="list-style-type: none"> - To reduce MMR to below 238 deaths by 2010 - To increase attended births to 45% - To increase usage of family planning methods to 35% - To increase the post partum mother care to 25%
Control of Sexually Transmitted Diseases (STDs)	<ul style="list-style-type: none"> - To control/limit HIV/AIDS - To reduce STDs incidence rate to 30%
Control of Bilharziasis	<ul style="list-style-type: none"> - To reduce Bilharziasis incidence rate and soil-borne worms - To stop Bilharziasis and intestinal parasites from spreading to new localities
Quarantines	<ul style="list-style-type: none"> - To enhance the infrastructure for quarantines in international ports/outlets - To enhance the activities of quarantines to prevent contagious diseases and their pathogens through international maritime/navigation movement with the lowest level of intervention
Control of Eye/Ophthalmic Diseases	<ul style="list-style-type: none"> - To reduce ophthalmic diseases incidence by 50% - To enhance the therapeutic capacity to deal with ophthalmic diseases
Control of Rabies	<ul style="list-style-type: none"> - To reduce the number of rabies-caused death incidents by 70% - To reduce rabies incidence rate by an annual 15% in governorates with high incidence rates
Control of Malaria	<ul style="list-style-type: none"> - To reduce yearly Malaria cases by 75% - To protect 60% of women in reproductive age and under-five children in Malaria endemic areas by providing anti-mosquito saturated nets
Nutrition and Nutritional safety	<ul style="list-style-type: none"> - To reduce malnutrition rates among the members of society - To increase the usage percentage of iodized salt
Child Health	<ul style="list-style-type: none"> - To reduce by an annual 10% the incidence rates of diarrhoea, acute respiratory infections, Malaria, Measles and malnutrition - To reduce IMR by 2% per annum
Therapeutic Medicine	<ul style="list-style-type: none"> - To improve first aid and emergency services - To offer safe blood transfusion services - To improve the private sector performance in therapeutic services and primary health care services
Immunization	<ul style="list-style-type: none"> - To increase immunization against polio to a minimum 95% by 2010 - To reduce incidence of Measles by 95% by 2010 - To reduce incidence of Tetanus to less than 1/1000 live births by 2010
School Health	<ul style="list-style-type: none"> - To raise awareness among students through health education programs and help them acquire sound patterns of behavior - To enhance the technical and administrative capacity at the central and local levels
Tuberculosis TB Control	<ul style="list-style-type: none"> - To increase recovery rates for contagious TB cases to 85% - To reach 100% of population coverage through the strategy of treatment under direct daily supervision (in health facilities) - To increase TB and iron-deficiency detection cases to 75% of the expected annual incidence
Epidemic /Monitoring	<ul style="list-style-type: none"> - To provide epidemic-related information about contagious diseases to help design plans for timely interventions - To establish an integrated monitoring system - To strengthen technical and epidemic-related skills among staff at the central level
Psychological Health	<ul style="list-style-type: none"> - To enhance psychological health as part of the primary health care services - To reduce incidence of psychiatric diseases by an annual 6%
Medicinal (pharmaceutical) Policy	<ul style="list-style-type: none"> - To emphasize the significance, development and adherence to implement medicinal policy - To ensure that pieces of legislation are compatible and in line with variable changes and to put them in place
Health Insurance	<ul style="list-style-type: none"> - To provide the laws and regulations that govern/regulate health insurance - To train insurance cadres - To rehabilitate the health facilities in the selected governorates to pilot-apply the health insurance system

Management and planning capacities at the local and central levels will be improved, and evaluation systems established. Recruitment practices will be improved and staff redeployed. Health education will be improved to match actual needs and priorities. Information and financial management systems also need to be modernized. It is also intended to expand the involvement of local communities and CSO's in improving health and monitoring medical facilities. Emphasis will be placed on primary health care, immunization and school health and working to achieve equity in rendering the services to the beneficiaries and improving their quality. It is also important to broaden the coverage of basic health services with new facilities in priority areas, and developing the referral and oversight system as well as emergency medical services. Health professionals will be encouraged to work in rural areas, and greater integration and coordination among public and private health services and CSO's will be achieved in providing health services and raising public awareness, especially among the poor in rural and remote areas.

Table 7.14: Health Services Indicators, 2000-2004 (Thousand people per facility)

Years Description	2000				2004			
	Population per facility				Population per facility			
Governorate	hospitals	health centres	health units	maternity and childhood centres	hospitals	health centres	health units	maternity and childhood centres
Sana'a City (Mayoralty)	248	248	0	74	291	87	437	60
Sana'a	150	14	11	28	102	12	9	15
Aden	126	42	50	0	118	74	590	74
Taiz	383	29	37	328	150	30	16	481
Al-Hodiedah	388	43	31	45	360	53	11	53
Lahaj	54	65	0	325	45	40	5	11
Ibb	404	49	18	42	143	33	17	23
Abyan	60	47	5	18	55	37	4	12
Dhamar	600	36	10	14	167	30	9	12
Shabwah	76	76	5	76	31	27	6	117
Hajjah	454	91	9	85	494	71	13	71
Al-Baydha	113	30	10	281	71	20	7	286
Hadhramout	49	73	7	38	86	40	4	19
Sa'adah	298	24	7	27	69	46	9	116
Al-Mahweet	113	113	7	113	99	71	4	55
Marib	14	1	0	18	22	22	2	15
Al-Jawf	113	8	3	57	20	20	4	9
Amran	433	54	17	108	226	24	7	0
Al-Dhalea	0	0	0	0	109	436	5	78
Raimah	101	29	6	67	118	29	5	78
Total	172	36	14	76	115	37	9	52

Yemeni expatriates

Yemeni expatriates are a key group in the development of the national economy. Yemenis have long been famous for migrating to different corners of the world, particularly to southern Asia and eastern Africa. Economic boom in the region in the early seventies resulted in a total of 1.7 million Yemeni migrants, of whom more than one million headed for Saudi Arabia. Among them, tens of thousands of merchants, industrialists, bankers, businessmen and big investors became prominently successful. Expatriates can bring about a positive influence for Yemen abroad, particularly within the economies of the member states of the GCC. Although around one million immigrants/expatriates returned in the aftermath of the Second Gulf War, the 2004 Census (population

and households) results showed that the number of expatriates abroad stands at 1.8 million; more than 69% (1.2 million) of the total number of those immigrants are in Saudi Arabia. The number of Yemeni expatriate communities' associations and schools is 51 and 39, respectively. The value of expatriate remittances ranged between US\$1- US\$1.3 billion per annum during the period 1995-2005.

However, expatriates lack adequate associations and schools that preserve their culture and heritage and connects them to their motherland. The diverse nature of expatriate destinations and their various geographical locations make it difficult to maintain contact with all Yemenis abroad and offer them services. It has also been difficult to promote tourism and investment among the Yemeni expatriate communities in addition to the lack of any database about them. The DPPR aims to double the values of remittances by Yemeni immigrants; and to double the total value of their investment in Yemen. To these ends, special initiatives will be launched through the Ministry of Foreign Affairs and expatriates to cater for expatriates' affairs and working to prompt their role in serving their homeland. Cultural and educational services and professional activities will be developed, and investment in Yemen will be promoted. Finally, a database of Yemeni expatriates will be developed.

Chapter 8: Public Services Sector

Introduction

Commodity production sectors represent the foundation, source of growth and development of the economic activity in the developing countries. However, planned developments and growth cannot be brought about in isolation from the trends and movement of service sectors. Recently, there has been an expansion in the tasks of government agencies concerned with offering services like culture, information, *Awqaf* (Endowments), guidance, documentation and archiving. The DPPR appreciates the status and significance of these sectors through seeking to develop and improve them as a holistic goal for society.

Youth and Sports Sector

Youth and Sports Sector development has resulted in the number of sports clubs being increased from 280 to 299 during 2000-2005. Similarly, the number of sports unions grew from 26 to 28, whereas the number of training centres remained unchanged at 72 centres. The Government has constructed a number of sports facilities and encouraged the private sector to sponsor some sports activities. In spite of accomplishments, many difficulties still impede the development of youth and adolescent activities such as the lack of school-based sports activities, weak training and rehabilitation courses, poor preparation of the national teams and scarcity of technical, material, and financial resources for sports clubs and unions.

The DPPR aims to increase the number of cultural centres to four (currently at 2), youth hostels and centres to 35 and sports training centres to 125 by 2010. It is also planned to increase the number of sports unions and clubs to 30 and 319, respectively. The strategy for implementing these plans include the promulgation of the necessary regulatory framework and the development of the requisite institutional structure and finance mechanisms. Furthermore, youth will be better integrated in development initiatives, and sponsorship schemes will be enhanced for athletes to enable their training and participation in events. Sports will be improved nationally with requisite regulations and greater private sector support coupled with the introduction of physical education in the curricula of schools and universities. New sports facilities will be constructed and their staff trained, and existing sports infrastructure will be rehabilitated. The plans also call for special initiatives to encourage the involvement of girls in sports clubs and construction of female youth hostels and centres. Awareness of reproductive health, family planning and demographic issues will be introduced in the activities of youth facilities and sports clubs. In addition, innovative fundraising schemes will be developed, and the private sector will be encouraged to establish and manage youth hostels and centres.

Cultural development and Protection of Heritage Sector

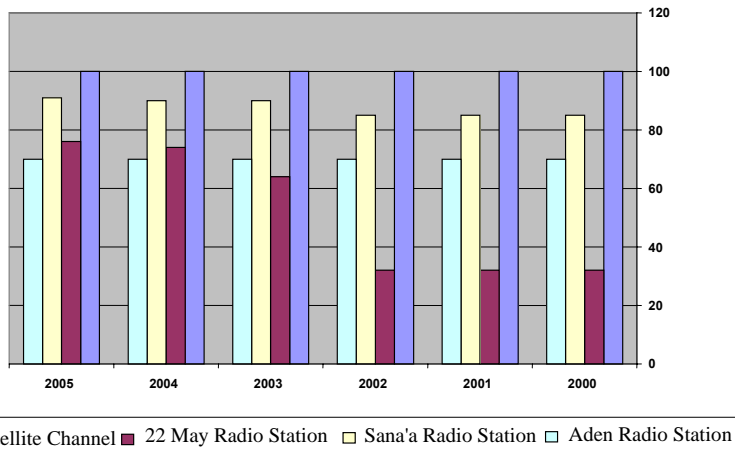
Cultural development and Protection of Heritage in Yemen has experienced a revival in recent years. Examples include Sana'a being named as the 'Arab Culture Capital' in 2004, the International Yemeni Antiquities Fair initiative, and "The Kingdom of Sheba" events in many European countries such as France, Great Britain, Germany and Italy. Moreover, several antique pieces and manuscripts were collected, and eleven castles, forts, palaces, temples and historic and archaeological sites were renovated/rehabilitated and maintained. In addition, the comprehensive archaeological survey program is underway in a number of governorates, and four archaeological sites were excavated. Manuscripts available in some private libraries and mosques were identified, documented, and restored. Work on modernisation of infrastructure and basic services in historic cities was also completed through the paving of lanes and renovating archaeological houses. Similarly, the draft law on the preservation of historic cities is in process.

Challenges remain, including an incomplete and unstable institutional and legislative framework and weak infrastructure. In addition, there is the impact of globalization at the cultural level with associated challenges pertaining to national cultural identity and realising genuine Arab and Islamic originality. This sector's vision is to achieve cultural development in all its forms. The DPPR's targets include an annual 5% growth in cultural events, printing of 400 books on different cultural, historic and economic issues, and verifying and printing 100 manuscripts of distinguished Yemeni scholars in cultural matters and Islamic and political studies. The strategy for achieving these aims addresses necessary reforms and development of the Ministry of Culture and its agencies, coupled with enhancements to the regulatory and policy frameworks. Legislation for copyright protection will need to be enacted, cultural forums established and book fairs supported. Technical capacities and funding resources for cultural activities will need to be enhanced. In addition, infrastructure such as cultural centres, public libraries, culture houses, arts, folk and verbal heritage museums will need to be improved and supported. Finally, participation of civil society in partnership building with Arab and Islamic countries and the international community in cultural work areas will be supported.

The Media Sector

Indicators show positive developments in the media sector in recent years. The Yemeni Satellite Channel covered the whole area of Yemen compared to 70% coverage by the terrestrial TV transmission in 2005, and 76% coverage for Channel Two. Radio broadcast of the General Channel achieved a 5% expansion, radio broadcast over the internet began and daily broadcasting hours increased by about 20.8%, in addition to increasing the broadcast time of the local radio stations in Taiz, Al-Hodiedah and Al-Mukkalah. Finally, a specialized youth radio station has been launched as part of the General Channel. In the area of the printed media, the number of issued newspapers/dailies and magazines rose by an annual average of 5.9%. Partisan and nongovernmental publications also increased to 675,000 copies in 2005 compared to 522,000 in 2000. The Saba'a News Agency also enhanced its activities and news publications with 850 periodic and monthly issues during 2005. The National Institute for Media Training and Rehabilitation organized 22 courses for 274 trainees during the first three years of the Plan in addition to operating the Training Institute in Aden.

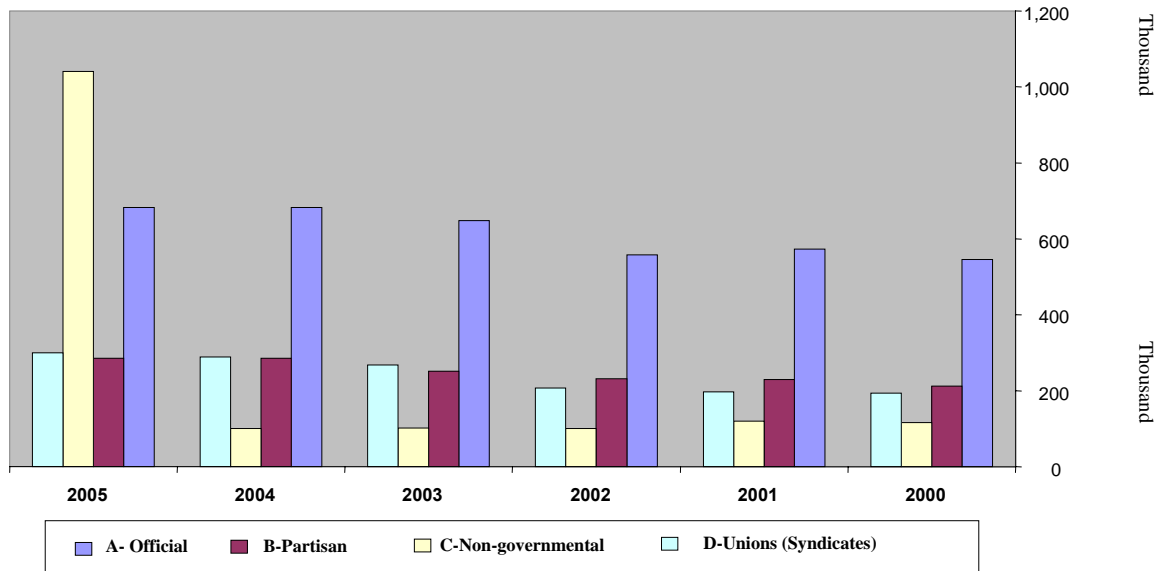
Growth of Television and Radio Coverage (% of Yemen, 2000-2005)



The sector, however, is challenged by weaknesses and the lack of professionalism of its institutions. It also lacks an audio-visual production institution and private investment other than in the area of commercials. Media content do not adequately address the needs of the audience or the requirements of development and growth. The process of planning and programming is weak, and the connection between the goals and issues of comprehensive development and the

media plans is loose. The publishing and printing industry suffers from a constant lack of strategic stock of printing paper and outdated technical and engineering infrastructure. The DPPR aims to expand terrestrial TV coverage by an annual average of 5% and provide full coverage of Channel Two by 2010. The radio broadcast coverage of the General Channel will be raised by an annual average of 5% and its daily broadcast period raised by 10% per annum. The quantities of official newspapers and magazines will be increased by an average of 6% per annum, and programs and shows that serve economic and social development will be increased by an average of 10% annually.

Growth of Quantities of Official Newspapers, Magazines, Partisan, Non-governmental and Unionist/Syndicates' Publications, 2000-2005



To support these aims, the independence of media institutions will be enhanced with the necessary legal and administrative procedures. The Press and Publications Law and its new amendments will be enforced to provide and protect an atmosphere of responsible press freedom. The freedom of opinion, expression, creativity and

publication will be guaranteed within the framework of the constitution and laws. Media institutions will be modernised and their services improved with better technical infrastructure, including modern ICT. Improvements will be made to the content of the programs aired by media outlets, particularly those addressing children and international broadcasts. The role of the Media Training and Rehabilitation Institute and its curricula will be enhanced in partnership with universities. In addition, the services of Saba'a News Agency will be improved with adoption of advanced technologies round the clock. It is also necessary to improve integration between media institutions in printing and distributing official newspapers and finding new lines in their distribution network to cover the whole country. Finally, the private sector will be encouraged to launch investment projects in the audio-visual media within a suitable regulatory framework.

The Awqaf (Endowments) and (Religious) Guidance Sector

The Awqaf (Endowments) and (Religious) Guidance Sector is managed in the main by the Ministry of *Awqaf* (Endowments), which is administratively and financially independent because of the nature of the real estate endowments it manages and supervises in accordance with the provisions of Islamic Sharia', and conditions set by the creators of the endowment. *Awqaf* and guidance witnessed expansive and diversified activities during the previous period. They focused on building housing and commercial complexes as well as markets in various areas, in addition to providing land for charity and investment projects through long-term leasing. These activities helped increase revenue for the *Awqaf* and enhance its ability to convey its message. The Ministry also works to exploit agricultural lands by leasing them for similar purposes, reviving them and creating revenue streams that enhance its resources. The Ministry also commemorates religious occasions and holds seminars and lectures that strengthen the spirituality, help to develop morality and attach Muslims more to their creed. Key reforms implemented include the preparation of the bill on the protection of endowments, development of an executive plan in coordination with the concerned official authorities to achieve such protection and reconsidering the way *Awqaf* money is collected in order to improve the process. Likewise, qualitative and quantitative achievements were made during the period 2000-2005; the number of schools for the memorisation of the Quran increased from 80 to 300. Similarly, the number of religious guides and orators (*khateeb*s) went up from 70 to 1,200. In addition, 26 courses and 50 meetings were held involving 350 guides and orators from all governorates. During the same period, 13,005 lectures and seminars were held to raise religious public awareness among members of society in all governorates, with special focus on women. In terms of identifying/surveying and documenting the lands and properties of the *Awqaf* (mortmain), the Ministry surveyed about 1,605 million m² of land, buildings, mosques, graveyards/symmetries, etc. Around 684 thousand title deeds of *Awqaf* property were electronically documented, and 759 mosques were meanwhile renovated and maintained and 207 others were built.

Table 8.1: Growth of Some Awqaf and Guidance Sector Services

Indicators/year	2000	2001	2002	2003	2004	2005
Religious Guides and Orators	70	120	200	850	900	1,200
Schools for the Memorization of the Noble Quran	80	110	120	150	205	300
Rehabilitated Mosques	75	80	120	170	189	200
New Mosques	40	45	49	37	35	41

However, some *Awqaf* real estate is subject to many violations and encroachment. Mosques are not distributed proportionately with demographic distribution. There is still a shortage of *imams* (prayer leaders) and qualified preachers who are capable of handling issues pertaining to the challenges of the age, globalization and the economic, social, security and moral dimensions of poverty. The sector's goals during the period of the DPPR include construction of 300 mosques and support to religious education through the establishment of 800 schools for the memorisation of the Quran; and doubling the endowment-investment projects in order to benefit poor and low-income people.

The Statistics, Information and Documentation

The Statistics, Information and Documentation Sector saw several reforms its institutions and the Central Statistics Organization (CSO) during the SFYP. These included improvements in regulating the dissemination and publication of data. Likewise, a strategic plan was devised to develop the statistical system and software/programs for data preparation, processing and posting them on the organization's website, in addition to the use of modern statistical charts and the Geographical Information System (GIS). The CSO launched the Centre for Statistical Training and held a number of local training courses, in addition to sending some staff for training abroad. During the SFYP, the CSO conducted numerous sample surveys. Major examples of these surveys covered labour-demand, industry, construction and buildings (formal and informal), services, transportation and communications (formal and informal), domestic trade and a household budget survey. In 2004, the CSO conducted the General Census on Population, Housing and Facilities.

Despite these achievements, data is still characterized by inaccuracy and contradiction from one source to another. Many statistics lack standardization, particularly the methodological foundations/principles to develop national accounts, and multiple sources of data. Various bodies lack the ability to determine their needs of data and information. The statistical system also suffers from the weakness of regular, consistent and timely exchange of information between line ministries and planning bodies. The reasons behind this weak exchange are technical and institutional due to unclear tasks and roles. The system also faces problems such as weak documentation of data and indicators at all levels, insufficient available statistics, particularly in regards to economic data and data pertaining to the environment, gender and poverty. Statistical releases are not compatible with developments, implementation programs and follow up on development plans.

The DPPR aims carry out eight economic, and six social and demographic surveys, three basic projects and nine various surveys and studies. To this end, it is necessary to restructure the sector, including the CSO and its branches at the provincial level. A new statistics law must be adopted with attention to transparency issues and

the clarification of roles and responsibilities of various stakeholders with increased coordination among concerned institutions. There is a need to standardise systems and to apply international norms. A coherent and harmonized statistical software program that addresses the needs of the state bodies, the private sector, donors and CSOs must be developed. Information gathering and dissemination systems must also be developed.

The significance of developing an integrated **National Information System** (NIS) is a result of technological developments and rapid revolution of information, which rendered information a high value economic resource. In Yemen, the NIS is still at its early development stages despite the positive developments it witnessed over the recent years. The number of Information Units (IU's) more than doubled in 2005 as it grew from 186 in 2001 – including 99 government IU's. The number of information institutions – information centres and research centres – increased to 42 institutions in 2005. A number of bodies implemented basic information systems such as the Civil Service system and the financial analysis system for loan management (DMFAS) at the Central Bank, and the Ministries of Finance and Planning and International Cooperation. Other systems include the Accounting System in the Ministry of Finance and the ASYCUDA system in the Customs Department. The number of information networks at many institutions and bodies increased to 253 local networks. There were also 135 firms working in Information Technology (IT) by the end of 2005 including 38 large corporations. Private Sector involvement in establishing information institutions and the use of IT expanded. It also played a role in qualifying the information cadre, which exceeded 25,000 persons. On the institutional and regulatory aspect, the information bulk/balance was expanded and developed at the National Information Centre and a large portion of the data and information was digitalised to facilitate dissemination and circulation through modern technology. To this effect, the Data Supply Services System was launched through the information centres in major cities.

However, poor availability of financial resources for the requisite investment programmes hinders developments in the sector, particularly in terms of infrastructure. Developments in this area are accelerating and failure to keep pace with them leads to increasing costs. Moreover, weak coordination among the various bodies results in the absence of organized work in many of the information projects. The DPPR aims to develop information systems for 22 information sub-sectors, establish 30 information network systems within the framework of the National Information Network (NIN), set up 60 IUs in numerous authorities and governorates, and open ten branches for the Centre in the governorates. It also aims to set up an integrated system to support the decision-making process and establish 14 community services centres in 7 governorates; and to train between 3,000-4,000 specialists and workers, and rehabilitate around 15,000 persons in the area of information systems and technologies.

The **National Centre for Documents** is in charge of collecting, organizing, maintaining and publishing documents to address the requirements of state affairs, protect the heritage and promote scientific research. Despite of its long-lasting and well-established history and heritage, Yemen suffers from a severe quantitative and qualitative deficiency in historicizing, documentation and archiving. One of the reasons behind that situation is the dispersal of historic documents and locking them in chests/safes and individual property. Due to its recent establishment, the Centre also lacks the infrastructure, buildings, equipments/supplies and necessary expertise to deliver on its tasks. The DPPR aims to accomplish 70% of documents' organisation in 48 government bodies, where the Centre has finished the first two stages of its survey. Moreover, the Centre will arrange 50% of the documents piled up in the bureaus of the governorates and Sana'a City (mayoralty); relocate 15% of the historic and important documents to the Centre or its branches; and accomplish 70% of the technical work related to the documents kept at the Centre. It is also aimed to upload 50% of manual indices and records in the documents at the Centre.

Chapter Nine: Social Safety Net and Social Protection

Introduction:

Estimates indicate that poverty slightly declined during 1998-2005, declining from 41.8% to 35.5% with a bias in favour of the urban areas as the percentage dropped there from 30.8% to 18.7% for the same period vis-à-vis the rates in the rural areas where poverty rates ranged between 45% and 40.6%. These rates fall short of the ambitious decline rate of 13% that the PRS targeted during 2003-2005. The reason behind this failure was that economic growth was never ample and could neither improve the standard of living nor generate job opportunities despite the success of the economic policy in relatively controlling inflation – leaving a positive impact and keeping the level of real incomes, especially for low-income groups.

The Social Safety Net (SSN) has been established to reduce the negative impact of implementing the EFARP and protect those who cannot make a living. It seeks to achieve this protection through offering direct money assistance, providing physical and social infrastructure of the underprivileged areas and creating job opportunities through the implementation of projects. The SSN also helps through setting mechanisms to finance the income-and-job-generating small and micro enterprises, supporting agricultural and fishery production and developing capacities through training and rehabilitation.

Box 9.1: The Social Poverty Concept

Poverty is not restricted to low-level income; it goes farther to include hunger, destitution, lack of shelter and lack of ability to access medical treatment or school education. Poverty is paramount to illiteracy, unemployment, inability to work, and death of children and pregnant women because of diseases, epidemics and water pollution. Unemployment and the inability to be productive remain the main causes for poverty. In fact, unemployment hits male and female youth graduates and dropouts of the educational sector more than any other group, and creates additional responsibility and burdens for the head of households. Family heads have also become more dependent on the SSN and social protection and social security regime and CSOs that work in areas which compensate for the absence of the extended-family pattern. This type of family pattern, until recently, offered various forms of familial and social support and solidarity.

Table 9.1: SFD Projects, 2001-2005

Activity	Number of Projects	Cost (in thousand US\$)	Relative Significance
Health	285	23,778	6.9
Education	1,754	213,449	62.1
Water	538	35,389	10.3
Roads	159	17,573	5.1
Environment	96	10,245	3.0
Various (multi-form) Interventions	45	1,727	0.5
Training	286	5,154	1.5
Institutional support	259	7,609	2.2
Groups with special needs	262	13,084	3.8
Micro-credits	78	5,456	1.6
Small enterprises	20	2,915	0.9
Cultural legacy	102	14,534	4.2
Community contracts	4	145	0.04
Total	3,888	343,457	100

The SSN's institutional mechanisms include the Social Fund for Development (SFD), Public Works Project (PWP), the Agricultural Production and Fisheries Promotion Fund (APFPF), the Social Welfare Fund (SWF), the Small Enterprise Development Fund (SEDF) and the National Program for Development of Society and Productive Households (NPDSPH).

Developing the Basic Physical and Social Structure:

The SFD carried out 3,888 projects during the period 2001-2005 at a total cost of US\$343.5 million, with actual implementation exceeding the targeted figure by 197% divided across various sectors. About 7.4 million people – 50% females – benefited from these projects. The Fund's projects created about 11.3 million job opportunities, with six thousand full-time jobs: 91.7% accomplishment of the target.

Table 9.2: PWP Projects

Activity	Number of Projects	Cost (in thousand US\$)	Relative Significance
Health	121	6,910	8.0
Education	803	51,745	59.6
Water	154	8,009	9.2
Sanitation	19	3,548	4.1
Roads	39	4,845	5.6
Agriculture	95	8,299	9.6
Public buildings	22	994	1.1
Social affairs	17	2,448	2.8
Total	1,270	86,798	100.0

The PWP carried out 1,270 projects during 2001-2005 at an achievement rate of 76.6% and a total cost on the order of US\$86.8 million distributed over the various sectors. About 7.4 million people benefited from these projects (67.1% female). The projects provided 5.3 million jobs, 1.4% of which are full-time. Evaluation of the impact of Phase II of PWP interventions indicated positive impacts in areas that lack services. These interventions improved the living conditions in general and took into consideration the influence of women on environment.

Table 9.3: APFPF Projects, 2001-2005

Areas	Number of Projects	Total cost (In million YR)	Number of beneficiaries (In thousands)
Irrigation and water facilities	818	18,600	5,965
Agriculture (Animal and plant)	197	7,200	2,332
Fisheries (wealth)	55	1,600	98
Institutional structure	26	2,200	0
Others	0	0	0
Total	1,096	29,600	8,395

The APFPF plays a major role in the agricultural, and water resources and fisheries sectors. It implemented 1,096 projects during 2001-2005 at a total cost of YR29.6 billion divided as follows: 62.8% in irrigation and water

facilities, 24.3% in plant and animal agriculture, 5.4% in fisheries wealth and 7.4% in institutional support for local councils. The major achievements of the Fund include increasing production-oriented activities, improving marketing operations, establishing centres for the preparation/processing of exports, providing coastal fishing boats for small fishermen, providing institutional support for the Agricultural and Fisheries Cooperative Unions and supporting local councils in light of the Local Authorities Law.

The Social Welfare Fund offers money assistance to the poor, needy, orphans and widows. Money assistance increased by an annual growth average of 9.1% during 2001-2005. The number of beneficiaries grew from 452,000 in 2000 to 603,000 by the end of 2005, averaging 10.6% (49.1% females).

Box 9.2: Social Welfare Fund

The poor find that the SWF is the only mechanism that targets them despite the minimal amounts they receive every three months; i.e. the poor cannot rely on social welfare benefits alone. They also see a need to reconsider the goals of the SSN to include programs that offer loans and training opportunities for the poor in order to enable them to grow economically and to depend on themselves, particularly those amongst them who can work—the economic and social return of such activities will be better than just handing out minimal financial aid.

Source: Voices of the Poor Study, 2005

The number of small enterprises (employing 1-4 workers) increased from 209,300 facilities/firms in 1994 to 385,300 in 2004. During the SFYP, the Small Enterprises Development Fund (SEDF) offered about YR1,732 million worth in loans for 2,342 persons – 27.5% were females. The Fund's activity is focused in fourteen governorates only since it has not yet covered Sana'a, Sa'adah, Al-Mahweet, Al-Maharah, Marib, Al-Jawf and Amran. There are also less significant programs and mechanisms that offer small and micro credit for the targeted portion of the poor and low-level income people in order to help them run businesses and create job opportunities.

The Program for the Development of Small and Micro Enterprises, which is affiliated with the SFD, helps create income-generating job opportunities for the poor groups through making training available in order to develop capacities and offer technical assistance and loans for small investors. The actual projects carried out by the SFD in the area of micro credit and development of small and micro enterprises were 98 during 2001-2005 at a total cost of US\$8.4 million. The Fund financed pilot projects to verify the market status and develop both the capacities of brokering financial bodies in providing these services and assistance tools such as training material and information systems. Since 2001, the Fund has financed more programs that target/serve women only through the savings groups and credit programs.

The National Program for the Development of Society and Productive Households, Launched in 1987, the National Program for the Development of Society and Productive Households (NPDSPH) is considered one of the social programs that aim at assisting households that live in poverty, while giving priority to women through rehabilitating and training them in productive and income-generating professions. During 2000-2005, about 27,000 women benefited from the Program. It also offers numerous practical and craftsmanship skills and health awareness and literacy programs. The number of training centres affiliated with the Program

increased from 41 centres in 2000 to 67 in 2005. In addition, the Program supports 41 other centres affiliated with CSOs. Services offered by six mobile training units have been terminated because of lack of funding though they used to render services to households and women in a number of remote areas.

The SFD carried out 545 projects in the area of institutional support and capacity building at a cost of US\$12.8 million during 2001-2005. In addition to helping the Fund achieve its goals, these projects cover training, institutional support, NGOs, government institutions, various community groups and the private sector - consultants and contractors. The Fund also increased its interventions that aim at assisting the local communities to identify development projects and encourage community involvement in them; these would enhance decentralization and facilitate the work of local authorities.

In spite of the important role that the SSN plays and its various components, it faces modest economic growth rates which were not able to reduce poverty as targeted. These minimum and maximum rates continued to place a large segment of population under the pressure of need and want/destitution - resulting in serious reflections and leading to social imbalances, etc. The spread of the poverty phenomenon renders the impact of the SSN programs and activities limited and incapable of confronting poverty in light of insufficient local and external funding resources for the SSN Net's activities.

The DPPR aims to implement about 7,710 projects by the SFD in the area of developing the basic physical and social structure at a total cost of US\$928 million. These projects would provide about 747,800 new job opportunities in various sectors. In addition, the SFD will implement the Labour-intensive Works Program to curb unemployment at a value of US\$300 million, including projects like paving/asphalting roads, constructing bridges, rainwater harvesting, erecting dams and dikes, maintaining the terraces and protecting valleys. These projects provide about 6 million work-days per annum. Finally, it aims to offer US\$33.8 million worth of micro-credits to start up small and micro enterprises.

During the same period, the PWP will implement about 1,900 projects in various economic sectors at a total cost of US\$127.3 million to create 3.7 million job opportunities, including 1.9% full-time. The APFPF in turn will implement projects and programs in animal and plant agriculture, irrigation, water facilities and fisheries wealth at a total cost of YR35.6 billion.

Box 9.4: The Role of CSO's in Social Welfare

Yemen enjoys strong social solidarity relations that have traditionally formed an effective social protection net to help the poor and needy in society. However, the foundations of these relationships have started to weaken because of the influence of modern civility. By contrast, the spread of CSOs made them play an increasingly significant role in supporting social solidarity. In 2005, the number of charity and voluntary associations and unions that work only in social welfare was 3,569. They all aim at improving the livelihood of the poor and offering assistance to needy women, children, the elderly and orphans. Two of the major associations in this respect are Al-Saleh Social Charity and Al-Islah Social Charity.

Box 9.3: Evaluating the Impact of SFD Interventions

Conducted by the end of 2003, the SFD Interventions Assessment Study indicated that the organisation's interventions were positive in numerous areas. Enrolment rates in schools where the SFD intervened increased from 60% to 72% for both sexes during 1999-2003 and from 42% to 60% for girls. The people who had access to health care also increased equally for both sexes from 55% to 70% for the same period. As for water services, they tangibly grew as revenues doubled six times to come closer to covering costs. Similarly, time needed for commuting dropped by 40%, transportation costs went down by 10% and the price for gas cylinders became cheaper by thirty percent.

The SWF will increase its caseload to 1 million beneficiaries in 2010, up from 752,000 in 2005, through increasing its appropriations from YR13,179 million to about YR17,679 million for the same period, with an average growth of 6.1%.

The SEDF will provide YR6 billion worth of financing/funding for small enterprises to help create job opportunities during the years of the Plan, at 52.3% of total loans to achieve the goals of the National Strategy for the Development of Industries and Small Enterprises.

The NPDSPH will start up and run 105 new centres to train and rehabilitate productive households in various governorates, particularly in the rural areas and increase the number of beneficiaries to 56,800 persons at an annual growth average of 16.2%, and establish one mobile training unit in each governorate in order to outreach the targeted households in faraway and remote areas.

Box 9.5: Lessons Learned from PWP and SFD Projects

Based upon the Study of the Socio-economic Effect of the interventions of PWP and SFD during 2001-2005, some lessons were taken to be used as a foundation to determine the traits and trends of future work for both projects as follows:

- Having the PWP and SFD continue rendering their services to the poor and remote areas and adopting the participatory planning approach at the level of directorates through involving the local councils and beneficiaries in determining the priorities to ensure the address of the needs of the local community
- Emphasizing the formation of committees/associations for the beneficiaries and guaranteeing their role in the operation and maintenance of the infrastructure projects in the community
- The importance of accurately and clearly identifying the goal of generating job opportunities, limiting unemployment and adopting this goal as one of the criteria for selecting projects
- Incorporating the operation costs of projects, that the PWP and SFD implemented, within the budgets of the related bodies
- Conducting a preliminary survey of the socio-economic conditions of the region and determining the projects' indicators more accurately prior to implementation
- Making it mandatory for the contractors to visit the working areas/job sites prior to submitting tenders in order to avoid delays in implementation
- Reviewing the standards applied to engineering consultancy services in order to ensure the best choice of a consultant and the quality of implementation
- Giving priority to expand and rehabilitate the existing projects for school and sanitation facilities
- Estimating the available amount of water in the source and the number of beneficiaries in order to ensure the efficient operation of water projects

The Government's *Social protection* efforts centre around offering assistance and welfare/care for people with special need, the elderly and juvenile delinquents to facilitate the processes of adaptation and social integration. These efforts also seek to develop childhood services and combat begging and child labour, etc.

During 2001-2005, programs and activities of 75 centres and associations – eight governmental - received funding from the Handicapped Welfare and Rehabilitation Fund. Almost 106,800 handicapped people of both sexes benefited from these programs and activities in the different governorates. The beneficiaries are divided into two categories. The first involves 12.5 thousand male and female beneficiaries from the institutional and individual social welfare services (63.9% benefited at the individual level). The second category, which is represented by social rehabilitation services at the institutional and community levels, involved 94,300 beneficiaries - 96.1% benefited from the institutional rehabilitation services.

The social rehabilitation services include orphans, juveniles, street children and child labour. The number of beneficiaries increased from 568 in 2000 to 5,905 in 2005. The percentage of beneficiaries of invalid and elderly services increased on an average of 4.3% for the same period. The highest growth for the period was achieved in combating begging as it averaged 65.6% per annum - the number of children involved increased from 220 to 2,737. Lastly, the number of associations and NGO unions increased to 5,378 by the end of 2005 compared to 3,245 in 2000.

Social work also includes expanding the scope of social protection to incorporate the role of *mine action* as landmines have a direct influence on the lives and livelihoods of about one million citizens countrywide. Excluding Al-Mahweet Governorate, Yemen as a whole has been influenced by the mines planted during different periods of conflicts and wars. The mine-affected area is around 923 million m² divided on 592 communities in 95 directorates. The number of individuals hit by landmines is in the order of 828,000; this number includes to date 5,478 people, mostly women and children, who were directly injured. Established in 1998, the National Committee on Demining implemented the national Program by depending on involving all line ministries and bodies to do their role in dealing with landmines. The Governorates of Aden and Al-Hodiedah were declared free of anti-personnel landmines in the 2004. Ten million m² of land were demined in addition to destroying 186,000 landmines and shells. The average number of landmines victims drooped from 80 in 2000 to 16 in 2005.

Box 9.6: Programs for People with Special Needs

According to the 1994 Census, the number of handicapped Yemeni citizens is estimated to be in the order of 78,000 people (0.5% of the population). The Government has established the Fund for the Welfare of the Handicapped in order to fund special projects to accommodate and rehabilitate this social segment. Social welfare/care institutions play an important role in offering programs for qualifying and rehabilitation of people with special needs to increase their capacities and skills, which would help them getting involved in income-generating projects. This work engages four governorates after the number of centres was increased upon the establishment of the Social Welfare Fund in 1996. There are about 75 governmental and non-governmental institutions that deal with the disabled through the rehabilitation centres, physiotherapy and prostheses, which provide assistance to about 123 thousand handicapped persons.

Social welfare services centres and homes lack large capacity, financial resources, cadres, expertise, speciality and motivation. These obstacles prevent the social services from keeping pace with the needs of the targeted groups. The method of targeting people with special needs has been characterized by scarcity of relevant data and information and weak capacities of the NGOs working in this field. Lack of special education teachers of this social group is considered the biggest challenge that the education and rehabilitation of these children face; higher education institutions do not offer such a qualitative major. The Higher Council for Maternity and Childhood suffers from weak response of the concerned authorities, which results in the delay of its programs and activities.

Box 9.7: The National Program for Demining

This Program is a successful program at the international level. Yemen's policies regarding landmines are based upon the articles of Ottawa Convention for Prohibition of the Use of Landmines and the decisions reached in relevant international conferences. According to the evaluation of the Program, which is supported by many donors, Yemen has fulfilled all of its obligations according to the Ottawa Convention as far as destroying its stockpiles and promulgating a law to prohibit landmines.

The DPPR aims to increase the number of beneficiaries from the centres for the handicapped training and rehabilitation by an annual average of 7.9%, and by 10% of benefiting from the Fund for the Handicapped; and

to increase the number of beneficiaries from the community-based rehabilitation centres for handicapped children, by an average of 12.8% per annum, and by 12.8% for those covered by the comprehensive welfare and child protection programs and by 5% for those benefiting from orphanages; the number of NGOs and co-ops will be increased by 10%/year; and the de-mining operation will be expanded to include 592 villages and communities in 14 of the most-affected governorates and 310 km² of medium-affected areas, in addition to reducing the number of victims to zero/year.

The national social security system includes the General Commission for Social Security and Annuities, which provides coverage for the state employees in the State's administration units and public and mixed sectors, the General Corporation for Social Security that covers the private sector, the Military Pension Department, which covers the military servicemen and the Public Pension Department, which provides coverage for workers of Public Security. The social security insurance services witnessed developments during the period 2001-2005. The number of insured in the State's administration units and public and mixed sectors reached 698,146 in 2005. They were covered by the General Commission for Social Security and Annuities and General Corporation for Social Security (82.6% and 17.4% respectively). The number of beneficiaries of social security insurance services stood at 194,910 individuals divided as follows: 59.7% covered by the Military Pension Department and the Public Pension Department at the Ministry of Interior, 32% received coverage from the General Commission for Social Security and Annuities, and 8.3% covered by the General Corporation for Social Security.

The social security system faces weak insurance awareness among employers/business owners and workers, particularly in the small private sector enterprises; hence a large portion is excluded from coverage. In addition, some of the State's administration units and public and mixed sectors often fail to send their contributions in a regular manner, thus confusing the work of agencies related to social security. The annuity is also considered insufficient to live above the poverty line, in addition to the fact that it does not cover health insurance and unemployment risks. Lastly, the social security commissions need specialized staff and should develop their equipment and systems in general.

The DPPR aims to increase the number of the beneficiary employees in the State's administration units, public and mixed sectors and the private sector institutions by an annual average of 4.6 percent. The aim is to enable the social security agencies to cover 968,000 individuals - 75.6% by the General Commission for Social Security and Annuities vis-à-vis 24.4% by the General Corporation for Social Security.

Chapter 10: Women's Empowerment

Introduction:

The 2003 Arab Human Development Report 2003 (AHDR) attributed the inability of the Arab states to achieve high human development rates to four general reasons, one of which is a failure to make use of half the available human potential and resources of Arab societies, i.e. women. Article 41 of the Constitution guarantees women's political rights as Yemeni citizens. During the period of the SFYP, the nature of Yemeni women's participation in economic, social, cultural and political activities was tangibly transformed. Women constituted 4.5% of legislators and senior directors and 16.4% of public sector employees in 2004. Moreover, 18% of education sector employees and 25% of those in health and social sector agencies were women. The legislative and legal framework for women has been enhanced as a result of 57 different law reviews consistent with international conventions related to women. This process led to five legal amendments relating to Nationality, Personal Status, Labour, Prisons, and the Law on Civil Status and Civil Register. Registered female voters grew from 28% in 1997 to 42% in 2003 with around 74.4% of registered female voters exercising their right in various elections. However, results of the 1999 Poverty Survey indicated a rise in the share of female-headed households (13.8%) with a 30% lower average income than that of male-headed households. Women's public and political participation and empowerment remained low. The group's economic participation did not exceed 22%, and the percentage of women workers in the private sector stood at 28.3%. Nonetheless, results of the 1999 Labour Survey indicate that 78.7% of females work in traditional activities such as agriculture and shepherding. In addition, more than 72% of working women do household and other unpaid work. Likewise, women suffer from the discrimination against them in the interpretation and enforcement of some laws, particularly those related to social services like the judiciary and security. This is in addition to the cultural impediments and social habits that prevent women from accessing those services.

Box 10.1: The Constitution of Yemen and Women

The constitution of the Republic of Yemen guarantees equality in rights and public obligations among citizens without any gender-based discrimination. Article 31 of the Constitution reads: "Women are men's sisters. They have rights and obligations that are guaranteed and prescribed by the (Islamic) *Sharia* and provided for by the law." Article 41 emphasizes: "each citizen shall have the right to participate in political life, writing and voting as regulated." (*Translator please check this translation against the formal translation of the Yemeni Constitution*).

Box 10.2: Gender-related International Conventions Ratified by Yemen

1. The 1966 International Covenant on Economic, Social and Cultural Rights; ratified in 1987
2. The International Labour Organization Equal Remuneration Convention (No. 100 of 1951) for Men and Women workers for work of Equal Pay; ratified in 1976
3. The ILO Convention No. (156 of 1981) concerning Equal Opportunities and Equal Treatment for Men and Women Workers; ratified in 1989

A complex web of economic, social, cultural and legal obstacles hinders women's empowerment. Key obstacles include high illiteracy rates (particularly for women) and traditional familial attitudes toward allowing women to have freedom of movement and participation in the public domain. Moreover, women have limited access to land and productive assets, bias against women in recruitments and promotions, and weak awareness and capacity of concerned law enforcement authorities. In addition, some legal provisions are deficient and women are subjected to forms of violence and deprivation.

The DPPR seeks to empower women and to remove all institutional and legislative imbalances and forms of discrimination. In the economic sphere, it aims to increase the rate of women's involvement in economic activities at an average annual rate of 5% throughout the DPPR, reduce the percentage of poor women by half, by 2010; and to raise the participation of women workers in education and health sectors by an annual rate of 8% each, and by 4% in the industrial sector over the same period.

Box 10.3: Gender-related Legal Amendments

During 2003 and 2004, fifty seven laws and bills were reviewed and five legal provisions were amended to be consistent with women-related international conventions as follows:

1. **Nationality Law No. 6/1990:** The amendment stipulates that the children of a Yemeni man married to a foreigner are equal to the children of a Yemeni woman married to a foreigner as far as the conditions of obtaining nationality are concerned.
2. **Labour Law No. 5/1995:** The amendment provides that a business owner who employs more than 50 female workers in the same place must open a nursery for women workers' children.
3. **Law on the Regulation of Prisons No. 48/1991:** The amendment provides that an imprisoned pregnant woman should be provided with medical prenatal and postnatal care.
4. **Law on Personal Status No. 20/1992, Article 47:** The amendment provides that either partner of a married couple shall have the right to ask for termination of the marriage contract in case of communicable or incurable diseases.
5. **Law on Civil Status and Civil Register No. 23/1991:** Article 21.A was amended to "a child's parent."

The strategy for achieving these goals will include facilitation of women's access to financial services, soft loans and markets, expanding agricultural and other productive projects that target women and vulnerable groups, and empowering them to access land and productive resources together with funding support. In addition, initiatives to develop women's technical, professional and handicraft capacities will be launched, and the information base on women in the economy will be enhanced and disseminated. It is also important to involve women in the boards of chambers of commerce and industry and to encourage the establishment of forums for businesswomen. The private sector will be encouraged to employ women, remove gender disparities in wages and apply equality in rights. The part-time system will be introduced and utilised to facilitate women's work, and day-care services for children will be provided. Finally, the government will provide training courses for public and private sector leaders on the functional rights of women and the need to halt discriminatory practices in recruitment and promotions.

In the political and legal spheres, it aims to increase the rate of women's participation in local and parliamentary elections by 15% as candidates, and by 45% as voters. Furthermore, women's participation rate in civil service and diplomatic work will be raised by an average growth rate of 5% each. The number of women in police and security work will be raised to 5% of the total, while the number of those in senior law enforcement positions will be doubled. Furthermore, it is planned to amend 27 legal instruments pertaining to women's rights, and to implement the CEDAW with concomitant awareness raising initiatives. The DPPR also endeavours to establish equal treatment of men and women before the law, and to convey women's rights (as guaranteed by the *Sharia*'

and legal provisions) in various cultural and media outlets and to allocate an appropriate portion of the media message accordingly. Finally, all forms of violence still practiced against women will be resisted.

The Government's strategy for achieving these goals is multidimensional, concentrating on legislative reviews and legal protection; participation and public awareness raising; and partnership building with civil society.

On the legal front, Article Seven of the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) will be implemented to eliminate of discrimination against women in political and public life.

The process of adjustments to existing legal instruments will be continued to ensure compliance with the Constitution of Yemen and her international treaties and commitments, and necessary amendments will be made while any new provisions necessary will be drafted. The Labour Law will be amended to ensure equal opportunities for men and women, and to safeguard efforts to take rigorous measures against institutions that discriminate against women in selection and employment. In addition, the quick response capacity of law enforcement agencies to incidents of violence against women and victims' rehabilitation will be enhanced, and resources will be directed toward rehabilitating women victims. Moreover, special departments and units will be established to deal with issues of violence against women at the governorate level, hospitals, schools, police stations and work facilities. Women's Sharia-based rights pertaining to the family will also be protected through new legislation, and family courts will be established to facilitate adjudication of social cases. To protect the rights of divorced women, an 'alimony fund' will be established.

Box 10.4: The Concept of Violence against Women

According to international report of the WHO in 2000, violence is defined as: "the intentional use of physical force or power, threatened or actual, against oneself, another person, or against a group or community, that either result in or has a high likelihood of resulting in injury, death, psychological harm, maldevelopment, or deprivation." Violence includes all forms of physical and mental violence, harm, abuse and neglect. The Yemeni women, particularly in the rural areas, face various forms of denying them some of their legitimate/Sharia-based rights - these forms fall under the cycle of violence. The major traits of those forms are the following: limited access to education, absence of primary health care services, early marriages and, sometimes, great disparity in the ages of the couple, *Al-Shighar* marriage- where two men agree to marry each others' daughters, sisters, ...etc: denying them their right to inheritance, favoring males at the expense of females in some occasions, refraining from sleeping with one's wife, deprivation of women from visiting their parents, denying the divorced women their children, housing and alimony and not allowing women to perform cultural, social and political activities.

Women's participation in decision-making and authority positions across a wide range of institutions will be enhanced in both quantity and quality with the aid of incentives, advocacy and training as well as public awareness raising initiatives in cooperation with women's organisations. In addition, research and studies will be carried out on salient issues such as declining participation rates, and all forms and patterns of violence against women, and information and reports will be published on a regular basis.

At the provincial level, the plan aims to promote the involvement of women in the preparation, implementation, monitoring, follow up on and evaluation of local development plans; and to raise the awareness of local councils in this regard. It is also necessary to develop the administrative, organizational and scientific capacity of women while providing support to women economic activities, particularly through special schemes for SME's and poverty-alleviation projects. Special emphasis will be placed on women's literacy programmes and girls'

enrolment at all levels, including the tertiary level. Finally, greater support is needed for the Department for Women's Development at MoLAd and related departments at the governorate level.

Partnerships with stakeholders and civil society organisations will be strengthened through specific mechanisms to involve and promote the role of CSO's, e.g., in monitoring the implementation and enforcement of applicable laws and in raising public awareness about women's rights. Similarly, initiatives will be launched with the media to elevate the political discourse on women's rights, participation and equal opportunities. Moreover, the capacity of NGOs involved in women and gender issues will be developed, and their partnership, the Ministry of Human Rights and relevant government bodies will be strengthened. In tandem, training and awareness raising initiatives will be held for health and education workers, law enforcers, judges and religious clerics.

ANNEX:

***Total Investment Programs
of the DPPR 2006-2010***

Summary of the Total Investment Programs of DPPR
2006-2010

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Programme /Autorites	Cost	Available source of Funds		Disbursed	Remaining	Expected Investments 2006-2010							
		2	3			4	1-4=5	2006	2007	2008	2009	2010	Total
		6	7			8	9	10	6+7+8+9+10=11				
Productive Sectors	3,339.09	Gov.	508.82	45.70	461.01	41.37	82.03	102.71	92.57	83.62	402.29		
		Foreign	263.50	77.85	185.65	40.25	41.66	33.16	25.91	13.26	154.23		
		self	1,269.38	14.77	1,254.61	76.83	149.92	142.58	140.80	83.33	593.45		
		Local	29.02	0.00	29.02	22.75	1.18	3.64	0.67	0.78	29.02		
		Gap	1,268.38	0.00	1,249.78	0.00	210.25	316.09	334.00	296.42	1,156.75		
		Total	3,339.09	138.32	3,180.07	181.19	485.04	598.17	593.95	477.39	2,335.74		
Agriculture	1,283.64	Gov.	268.97	42.06	224.82	21.28	28.41	39.49	44.11	35.10	168.39		
		Foreign	222.93	77.10	145.83	36.78	35.98	23.65	16.40	10.09	122.90		
		self	3.19	0.27	2.92	1.30	0.46	0.34	0.38	0.44	2.92		
		Local	2.54	0.00	2.54	0.00	0.51	0.58	0.67	0.78	2.54		
		Gap	786.00	0.00	767.40	0.00	116.22	179.90	208.61	172.65	677.37		
		Total	1,283.64	119.43	1,143.51	59.37	181.58	243.95	270.17	219.05	974.12		
Fisheries	154.19	Gov.	38.14	0.00	38.14	0.08	13.82	16.06	4.50	2.32	36.78		
		Foreign	40.57	0.74	39.82	3.47	5.68	9.51	9.51	3.17	31.34		
		self	36.22	0.00	36.22	0.00	5.59	6.05	7.32	9.00	27.96		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	39.26	0.00	39.26	0.00	3.12	18.85	8.06	6.23	36.26		
		Total	154.19	0.74	153.44	3.55	28.21	50.47	29.39	20.72	132.34		
Oil and Minerals	1,469.69	Gov.	124.80	3.25	121.55	1.57	25.52	32.02	31.56	30.38	121.04		
		Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		self	901.78	11.77	890.01	46.33	65.07	52.23	47.89	32.02	243.53		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	443.12	0.00	443.12	0.00	90.91	117.34	117.34	117.54	443.12		
		Total	1,469.69	15.02	1,454.68	47.89	181.49	201.59	196.78	179.93	807.69		
Industry and Trade	411.02	Gov.	67.17	0.20	66.97	17.23	12.96	12.59	9.79	13.97	66.55		
		Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		self	317.37	2.73	314.63	27.22	76.31	81.47	83.23	39.99	308.21		
		Local	26.48	0.00	26.48	22.75	0.67	3.06	0.00	0.00	26.48		
		Gap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Total	411.02	2.93	408.08	67.20	89.95	97.12	93.01	53.96	401.24		
Tourism	20.55	Gov.	9.73	0.20	9.53	1.21	1.32	2.55	2.62	1.84	9.53		
		Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		self	10.82	0.00	10.82	1.98	2.49	2.49	1.98	1.89	10.83		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Total	20.55	0.20	20.35	3.19	3.81	5.04	4.60	3.72	20.35		

Summary of the Total Investment Programs of DPPR
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Programme /Autorites	Cost	Available source of Funds		Disbursed	Remaining	Expected Investments 2006-2010							
		2	3			4	1-4=5	2006	2007	2008	2009	2010	Total
		6	7			8	9	10	6+7+8+9+10=11				
Infrastructure Sectors	12,893.66	Gov.	5,109.95	1,137.77	3,972.19	359.14	460.04	612.69	662.64	667.28	2,761.78		
		Foreign	1,969.07	585.53	1,383.54	309.08	395.58	308.96	189.59	111.45	1,314.66		
		self	901.35	379.13	522.23	107.73	82.02	66.51	60.80	36.41	353.47		
		Local	128.76	36.88	91.88	19.45	31.95	17.60	11.46	11.41	91.87		
		Gap	4,784.52	0.00	4,784.52	0.00	319.99	1,043.13	1,118.93	1,151.27	3,633.33		
		Total	12,893.66	2,139.31	10,754.36	795.40	1,289.59	2,048.88	2,043.43	1,977.82	8,155.11		
Water Supply and Sanitation	2,109.13	Gov.	942.77	168.13	774.64	84.77	130.49	155.35	161.60	155.25	687.46		
		Foreign	591.20	169.20	422.00	115.63	104.68	60.98	44.18	27.65	353.12		
		self	9.83	1.35	8.48	1.81	2.07	1.87	1.54	1.19	8.48		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	565.33	0.00	565.33	0.00	29.39	96.27	85.36	91.06	302.07		
		Total	2,109.13	338.68	1,770.45	202.21	266.64	314.47	292.68	275.14	1,351.14		
Energy	2,934.68	Gov.	843.01	321.15	521.86	84.49	94.48	96.94	117.48	116.73	510.12		
		Foreign	656.99	287.22	369.77	43.09	152.38	118.11	37.68	18.50	369.77		
		self	75.78	21.62	54.16	7.65	9.86	10.05	10.26	16.35	54.16		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	1,358.91	0.00	1,358.91	0.00	207.50	344.86	354.82	311.28	1,218.45		
		Total	2,934.68	629.99	2,304.69	135.23	464.22	569.96	520.23	462.85	2,152.50		
Public Works and Roads	5,442.67	Gov.	2,725.46	623.69	2,101.77	147.25	176.86	289.04	310.78	319.53	1,243.46		
		Foreign	502.99	97.23	405.76	95.78	103.16	94.12	70.44	42.26	405.76		
		self	83.56	15.61	67.95	23.54	12.93	11.24	10.27	9.97	67.95		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	2,130.66	0.00	2,130.66	0.00	80.00	477.85	500.65	533.16	1,591.66		
		Total	5,442.67	736.53	4,706.14	266.57	372.94	872.25	892.14	904.92	3,308.83		
Sana'a Municipality	278.35	Gov.	64.59	10.10	54.49	9.74	10.14	6.99	11.03	13.82	51.72		
		Foreign	60.16	0.00	60.16	12.82	14.82	15.32	15.80	1.40	60.16		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	153.60	0.00	153.60	0.00	2.50	20.96	42.40	57.74	123.60		
		Total	278.35	10.10	268.25	22.56	27.46	43.27	69.23	72.96	235.48		
Development of Port Cities	86.01	Gov.	10.39	0.44	9.95	0.87	1.02	1.02	3.52	3.52	9.95		
		Foreign	65.61	7.22	58.39	7.99	3.85	3.85	21.35	21.35	58.39		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	10.00	0.00	10.00	0.00	0.00	0.00	5.00	5.00	10.00		
		Total	86.01	7.67	78.34	8.86	4.87	4.87	29.87	29.87	78.34		
Transportation	1,272.58	Gov.	468.03	12.61	455.42	28.16	42.97	60.61	56.58	56.99	245.32		
		Foreign	91.20	24.65	66.55	33.72	16.41	16.41	0.00	0.00	66.55		
		self	129.96	0.00	129.96	25.92	24.16	4.83	6.16	2.26	63.33		
		Local	19.39	0.00	19.39	4.85	9.69	4.85	0.00	0.00	19.39		
		Gap	564.00	0.00	564.00	0.00	0.00	102.59	130.41	153.04	386.04		
		Total	1,272.58	37.26	1,235.32	92.65	93.24	189.28	193.15	212.30	780.62		
Telecommunication	770.25	Gov.	55.70	1.65	54.06	3.87	4.07	2.73	1.65	1.43	13.75		
		Foreign	0.92	0.00	0.92	0.05	0.28	0.17	0.14	0.29	0.92		
		self	602.23	340.55	261.68	48.81	33.01	38.53	32.57	6.64	159.55		
		Local	109.38	36.88	72.49	14.60	22.26	12.75	11.46	11.41	72.48		
		Gap	2.02	0.00	2.02	0.00	0.61	0.60	0.30	0.00	1.51		
		Total	770.25	379.08	391.16	67.33	60.21	54.78	46.12	19.77	248.22		

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Programme /Autorites	Cost	Available source of Funds		Disbursed	Remaining	Expected Investments 2006-2010							
		2	3			4	1-4=5	2006	2007	2008	2009	2010	Total
								6	7	8	9	10	6+7+8+9+10=11
Human Resources Development Sectors	5,309.57	Gov.	1,680.17	177.84	1,502.33	106.89	299.31	317.69	305.52	311.66	1,341.07		
		Foreign	334.03	34.18	299.85	74.78	83.44	52.18	46.15	42.10	298.65		
		self	53.21	0.00	53.21	2.22	8.04	15.52	16.51	10.57	52.86		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	3,242.15	0.00	3,242.15	0.00	382.23	604.30	732.75	771.48	2,490.77		
		Total	5,309.57	212.02	5,097.55	183.89	773.02	989.69	1,100.93	1,135.81	4,183.34		
Illiteracy	6.11	Gov.	1.76	0.29	1.46	0.15	0.52	0.40	0.30	0.10	1.46		
		Foreign	0.47	0.21	0.27	0.17	0.10	0.00	0.00	0.00	0.27		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	3.88	0.00	3.88	0.00	0.89	1.36	1.22	0.42	3.88		
		Total	6.11	0.50	5.61	0.32	1.51	1.76	1.52	0.52	5.61		
Basic Education	1,982.80	Gov.	733.10	82.60	650.50	16.56	148.28	164.51	158.41	162.74	650.50		
		Foreign	153.28	8.64	144.64	23.28	33.64	29.99	28.87	28.86	144.64		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	1,096.42	0.00	1,096.42	0.00	246.19	264.02	284.44	301.78	1,096.42		
		Total	1,982.80	91.24	1,891.56	39.84	428.11	458.52	471.71	493.38	1,891.56		
Technical Education	772.99	Gov.	216.52	8.22	208.29	14.95	46.81	44.84	32.89	40.28	179.77		
		Foreign	57.30	13.31	43.98	20.75	15.55	5.80	0.68	0.00	42.79		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	499.18	0.00	499.18	0.00	30.31	117.14	176.45	174.47	498.37		
		Total	772.99	21.54	751.46	35.70	92.66	167.79	210.02	214.75	720.92		
Higher Education	866.16	Gov.	324.63	49.89	274.74	20.16	44.20	39.79	46.42	42.74	193.31		
		Foreign	40.84	8.04	32.80	4.42	15.92	7.62	4.10	0.74	32.80		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	500.69	0.00	500.69	0.00	14.58	34.15	55.80	63.98	168.51		
		Total	866.16	57.93	808.23	24.58	74.69	81.56	106.31	107.47	394.62		
Public Health	1,525.12	Gov.	302.69	20.46	282.22	47.11	46.61	53.12	51.65	49.51	247.99		
		Foreign	80.45	3.33	77.13	25.77	17.59	8.77	12.50	12.50	77.13		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	1,141.97	0.00	1,141.97	0.00	90.28	187.63	214.85	230.84	723.59		
		Total	1,525.12	23.79	1,501.33	72.88	154.47	249.52	279.00	292.84	1,048.71		
Social Affairs	11.67	Gov.	9.98	2.29	7.70	0.29	1.03	1.16	1.31	1.48	5.28		
		Foreign	1.68	0.65	1.04	0.39	0.64	0.00	0.00	0.00	1.04		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Total	11.67	2.93	8.73	0.68	1.67	1.16	1.31	1.48	6.31		
Youth and Sport	143.26	Gov.	90.05	14.08	75.96	7.67	11.73	13.60	14.13	14.29	61.42		
		Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		self	53.21	0.00	53.21	2.22	8.04	15.52	16.51	10.57	52.86		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Total	143.26	14.08	129.18	9.89	19.77	29.12	30.64	24.85	114.28		
Immigrants	1.45	Gov.	1.45	0.00	1.45	0.00	0.13	0.26	0.41	0.53	1.33		
		Foreign	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Total	1.45	0.00	1.45	0.00	0.13	0.26	0.41	0.53	1.33		

Summary of the Total Investment Programs of DPPR
2006-2010

ANNEX I

Programme /Autorites	Cost	Available source of Funds		Disbursed	Remaining	Expected Investments 2006-2010							
		2	3			4	1-4=5	2006	2007	2008	2009	2010	Total
								6	7	8	9	10	6+7+8+9+10=11
Good Governance Sectors	754.69	Gov.	339.55	33.02	306.53	42.38	50.68	72.63	64.41	51.20	281.30		
		Foreign	94.69	10.73	83.96	16.47	16.83	15.41	17.65	17.60	83.96		
		self	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	320.44	0.00	320.44	0.00	0.00	94.91	110.54	111.07	316.53		
		Total	754.69	43.76	710.93	58.85	67.50	182.95	192.60	179.88	681.79		
Other public Services	1,591.73	Gov.	1,386.11	342.94	1,043.17	116.51	137.85	145.35	135.64	127.97	663.32		
		Foreign	29.27	1.95	27.31	10.92	8.55	2.84	2.51	2.52	27.33		
		self	155.42	9.73	145.69	17.65	24.37	33.70	35.84	34.12	145.69		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	20.93	0.00	20.93	0.00	4.23	4.47	4.97	5.11	18.79		
		Total	1,591.73	354.63	1,237.10	145.08	175.01	186.36	178.97	169.72	855.13		
Social Safety and Social Protection	1,831.54	Gov.	614.09	40.23	573.86	88.91	107.85	108.69	108.02	109.01	522.48		
		Foreign	489.69	383.12	106.57	14.84	39.33	34.96	9.44	7.99	106.57		
		self	194.82	20.56	174.26	21.50	40.18	37.45	36.50	36.21	171.83		
		Local	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
		Gap	532.94	0.00	532.94	0.00	46.84	66.59	90.99	101.87	306.29		
		Total	1,831.54	443.91	1,387.63	125.26	234.20	247.68	244.94	255.09	1,107.17		
Grand Total	25,720.28	Gov.	9,638.69	1,777.50	7,861.19	755.21	1,137.76	1,359.75	1,368.79	1,350.74	5,972.25		
		Foreign	3,180.25	1,093.36	2,086.89	466.34	585.39	447.51	291.25	194.92	1,985.41		
		self	2,574.19	424.19	2,150.00	225.94	304.52	295.75	290.45	200.64	1,317.30		
		Local	157.78	36.88	120.90	42.19	33.13	21.24	12.14	12.18	120.89		
		Gap	10,169.37	0.00	10,169.37	0.00	963.55	2,129.49	2,392.18	2,437.23	7,922.45		
		Total	25,720.28	3,331.94	22,388.34	1,489.68	3,024.36	4,253.73	4,354.81	4,195.71	17,318.29		