



DRAFT MULTI-ANNUAL INDICATIVE

PROGRAMME (MIP)

YEMEN 2014-2015

1. The overall lines for the EU response

1.1. Strategic objectives of the EU's relationship with the partner country

Overall strategic objective: *To support Yemen with the successful implementation of the Transitional Programme for Stabilisation and Development (TPSD) in both the governance and socio-economic fields of reforms.*

Yemen's Transitional Government has taken up the formidable challenge to start implementing key stabilizing reforms within a context of considerable political complexities and a serious challenge regarding implementing capacity. International donors may be able to play a key role in ensuring a successful transition by providing the Government with timely political and well-aligned technical and financial support in this difficult task.

The Government's Transitional Programme for Stabilisation and Development (TPSD) of September 2012 provides the main basis for the EU's strategy for the period 2014-2015. The political, economic, social and environmental dimensions of the current situation in Yemen are closely interrelated, and hence assistance could best focus on core aspects in both the governance and socio-economic fields whilst addressing environment and climate-change as a cross-cutting aspect. This calls for the period 2014-2015 for a narrowly focused approach that seeks on the one hand to strengthen the Rule of Law and key aspects of Public Administration, and on the other hand enhances key enabling components of community and household resilience, this while maximising the complementarities with ongoing EU programmes and the provision of immediate and life-saving support in particular. With persistent nutritional needs and growing food insecurity, a large number of internally displaced from past and recent conflicts, as well as numbers of refugees and other victims of forced displacement (including migrants displaced from the Kingdom of Saudi Arabia and highly vulnerable ones from the Horn of Africa), Yemen is facing a protracted humanitarian crisis that continues to be in need of immediate lifesaving actions. The Commission's directorate-general for Humanitarian Aid and civil protection (ECHO) continues to be actively engaged in Yemen with a twofold portfolio: fighting acute malnutrition where it is mostly concentrated and supporting the victims of forced displacement. At the same time, humanitarian and development programmes build concrete synergies, at individual as well as national level, to maximize efforts in tackling the most urgent crises of the country and to building the most vulnerable communities' resilience.

At Riyadh in September 2012, and in subsequent gatherings, the International Community and the Transitional Government agreed a detailed Mutual Accountability Framework (MAF). It contains commitments to improve the delivery of development assistance on condition of reforms and better government performance on the Yemen side. The work planned in this MIP must stimulate the Government to substantially and rapidly accelerate the pace of reforms. Faced with reducing human resources on the EU side, smart project designs will be needed.

Qat production and consumption have emerged as a major issue holding back Yemen's development at all levels given its negative impact on labour productivity (90% of men are regular, if not daily, consumers also during working hours), public health (including food insecurity affecting almost half of the population), unsustainable water use (including the negative fiscal impact of the associated fuel subsidies), crowding out of food crops and household budgets. Donor awareness is on the rise while the outcome document of the National

Dialogue Conference clearly identifies qat as major challenge to Yemen. Building on such emerging political will the MIP mainstreams issues related to qat with specific measures foreseen where appropriate.

Specific strategic objective 1: *To assist strengthening Yemen's institutional and administrative capacities and the development of a professional, efficient and non-partisan public administration.*

- Security Sector Reform and Justice (SSRJ)

As one strong in-road to change, a credible and comprehensive reform programme separating the civil security agencies from the military agenda will send an important signal for a Transition in line with popular expectations that civil police should offer a service for the safety of the population. Coupling this with efforts to strengthen the independence, integrity and oversight of the judiciary will further raise the level of citizen's trust in security, justice and the Rule of Law throughout the transition process.

Good governance in the security field and the strengthening of legitimate, service oriented and resilient – non-partisan – security and justice institutions is an essential part of the Transition. Beyond functional restructuring of the Ministry of Interior (MoI), this reform process needs to bridge the confidence gap between the population and the security forces. Its purpose shall be to uphold equitable Rule of Law principles and provide service, security and justice to the population through legitimate, transparent and accountable institutions rather than protect leaders' interests. A fundamental part of this will be to increase state transparency, accountability to and enhance the role of the citizen and civil society more broadly in the security and justice sectors.

In accordance with the Agenda for Change, a rights based approach encompassing all human rights aspects will be applied across all the priority areas, to assist Yemen in implementing their international human rights obligations and to support the right holders, with a focus on poor and vulnerable groups, in claiming their rights.

- Public Finance Management (PFM) and New National Development Plan (New NDP):

The Government will need to prepare a new medium-term National Development Plan for the period after the Transition. A good PFM system will be crucial at that time and its development is therefore crucial at this stage for enabling effective and necessary reforms during the current Transition. PFM is critical to sustainably manage and improve service delivery, and will enhance the legitimacy and effectiveness of the Government, while managing the expectations.

Specific strategic objective 2: *To assist in establishing an environment allowing the Yemenis to secure and improve their resilience.*

Particular attention will go to promoting the rights of vulnerable people, especially women, children (with particular attention for girls), disabled people, migrants, refugees, and young people, thereby assisting them to meet their aspirations. Bearing in mind the determinants of poverty in Yemen, the impact of state fragility, the ongoing violent conflicts, and the potential negative effects that neglecting human development may have on a successful Transition, the EU will intensify its efforts to strengthen the provision of sustainable basic services, and the development of economic opportunities in rural areas, in line with the priorities of the TPSD.

- Enhance the potential for growth and job creation:

Today, some 50% of Yemenis are aged 15 years or below. Seen against a background of dwindling non-renewable water resources, improvements of this socio-economic situation will be a major challenge. It will be important to establish an environment allowing the Yemenis to secure and improve their incomes, preferably through nurturing private sector job creation. Private sector growth requires investments, which depend largely on the investors' confidence. Yemen has a potential to develop and use renewable energies, which offer chances not only to enhance business opportunities and competitiveness, but also to create 'green jobs' and contribute to the country's transition to a green and low-carbon economy.

Yemen faces a severe water shortage, with available ground water being depleted at an alarming rate and deterioration in its quality, mainly through salt water intrusion in the coastal plains. The agriculture sector accounts for approximately 90% of the water use, a sector that also represents more than half of the labor force. Increasing frequency of drought and water scarcity is expected under climate change, due to increasing temperatures and possible reductions in rainfall.

Agriculture remains a pillar of Yemen's economy and of the livelihoods of two thirds of its population. The potential of the sector in terms of production for internal consumption and exports remains good. Market opportunities in the Gulf countries and in the EU may widen should Yemen succeed in guaranteeing stable flows of products and in improving quality standards. Within a value chains approach, the agriculture sector should be linked to the development of a food processing industry in order to enhance the potential for growth and job creation.

The EU will give particular attention to promoting water harvesting, water-efficient irrigation systems and environmentally sustainable and climate change-sensitive nutritional agricultural production. Desalination, preferably through the use of green energy, offers a potential avenue. Considering that water is and will be an increasing basis for conflict and power struggles, the inter- and intra-community aspects of water availability will be an important point of attention in this work. The focus on water will also incorporate to climate change considerations.

- Sustainable basic services (welfare & health):

The social situation of the Yemenis is worrisome, with a large percentage of the population living below the poverty line, very limited access to basic services such as primary health care, high illiteracy rates, high unemployment, and significant gender inequality. The EU will continue to support Civil Society at this critical juncture, targeting aspects such as CSOs' capacity to interface with public institutions as well as to contribute to service delivery for local communities.

1.2. Choice of sectors

1.2.1 Promoting Good Governance and the Rule of Law

For the Transition period, the Government's main governance objectives are: (1) to achieve civil security stability and enhance the Rule of Law, including enhancing trust between civil security institutions (formal and informal) and the general population; and (2) to increase the capacity of the State to formulate and implement structural reforms and absorb and turn to good use the financial support pledged and provided by the international community.

- Security Sector Reform and Justice (SSRJ)

Two entities are at the core of the new structure of the Ministry of Interior. The first is a National Civil Police Service. The second is a new position of Inspector General, whose mandate includes countering internal corruption, investigating Human Rights violations of security providers, as well as internal audit, inspection and review.

The EU considers that security sector reform and justice is rightly a short-term government priority at this point as it is crucial to improve citizens' confidence in the State. The Ministry of Interior (MoI), a central actor in the security sector, plays a key role in the Gulf Cooperation Council (GCC) backed political transition. The three reform priorities for the MoI are a) to improve relations with the citizen; b) to improve civil police effectiveness on the ground; and c) to improve intra- and inter-departmental relations and efficiency.

Reforms in the MoI and the police must indeed be fundamentally linked to those in the justice sector. The relationship between citizens, police and judiciary all need to be put on an improved footing. This implies among others an overhaul of the legal framework in support of constitutional changes, a need to address the legislative process, including uniform and universal access to justice and implementation of laws, as well as oversight by parliament, other oversight entities, and citizen actors. The overall objective would be to restore all aspects of the legitimacy of the state in upholding the Rule of Law.

In supporting SSRJ, the EU's specific objectives are i) to facilitate reform of the security institutions through an inclusive process, with particular reference to the role of the Ministry of Interior; ii) to enable a revision and improvement of command & control structures and human resources management, with particular attention for gender issues; iii) to promote transparency, accountability, counter-corruption, universal access, and the separation of politics from civil security structures; and iv) to strengthen judicial independence, integrity and oversight, including the application of international standards and practice in police departments, public prosecutions and prisons. Tackling widespread impunity, interference and a 'culture of crime without punishment', as well as the politicization and fragmentation of the judicial system, will further raise public trust in justice institutions, judicial integrity and the Rule of Law.

Reforms in SSRJ go hand-in-hand with wider reforms in public administration, e.g. in pay and grading, including for women. Transparent, gender equitable and inclusive recruitment processes and identifying and supporting the right 'champions of change' are also imperative for driving effective reform. There is a need to overcome disillusionment among officers; hence creating and demonstrating stimulating precedents will be crucial. A measure of success will also be to what degree the relevant state actors in the civil security and justice sector, will be able to engage with, enhance the role of, and be accountable to citizen and civil society actors.

Due to the nature of the sectors and the context in Yemen, it is well understood that baseline assessments, largely absent at the time of establishing this MIP, will need to form an integral part of programmes that will fall under this MIP. In addition, continued policy dialogue will also be critical to ensure progress and identify future priorities.

- Public Finance Management (PFM) and New National Development Plan (New NDP):

The overall aim will be to reinforce the administrative capacities of key ministries, notably the Ministry of Finance (MoF) and the Ministry of Planning and International Cooperation (MoPIC). Work will include support for strengthening key aspects of Public Finance Management (PFM), including combating corruption. This track would be pursued in partnership with international institutions such as the World Bank and the International

Monetary Fund. In the longer term, one aim will be to enable the delivery of EU assistance through budget support. Opportunities will be explored on the one hand to enhance the degree of environmental and climate change integration in the budgeting process ('greening the budget') and on the other hand to support citizen participation at monitoring the PFM process, as well as enable the citizens to have the right expectations.

Besides this, the EU plans also to provide support for the development and adoption of a new National Development Plan (new NDP) for the period 2016-2020.

1.2.2 Integrated Rural Development, with specific attention to water issues

For the transition period, the Government's main socio-economic recovery and development objectives are to secure the basic needs of citizens (goods and services), rehabilitate public infrastructure, and increase the resilience of the most vulnerable.

- Enhance the potential for growth and job creation:

Resilience will be enhanced by empowering women, young people, disabled people, migrants, refugees and IDPs to embrace self-reliance, with a strong focus on access to financial services and income-generating activities, and by establishing viable, equitable and sustainable community organisations for promoting development. This will include providing support for setting up or strengthening bodies that can represent their communities socially and economically; manage water harvesting, other water resources (including desalination) and water and transport infrastructure; negotiate with the public sector; maintain peace and stability with neighbouring communities; advocate for investment resources; plan and implement their own development; and provide services to their members.

Renewable energies and "green" water technologies will be promoted as a way to increase business opportunities, enhance business competitiveness and create green jobs, whilst contributing to the country's transition to a green and low-carbon economy.

Sustainable (nutritional) farm and off-farm income generating activities for the target beneficiaries will be promoted through micro and small enterprise development and other activities. Nutritional agricultural development (environmentally sustainable and climate resilient) will promote and facilitate the integration of smallholders/fishermen in structured value chains while increasing their productivity including through the development or upgrading of climate-smart infrastructure and rural technologies; ensuring appropriate and sustainable use of water resources; promoting the use of climate-change resilient agricultural inputs; and supporting improvements in livestock quality and productivity. Support will be provided for natural resources management activities with a sustainable positive impact on crop productivity, on efficient production, collection and use of water, and household income. This would include integrated watershed development schemes, other irrigation works, desalination using green technologies, drinking water schemes, land conservation, and renewable energy. Climate adaptation includes building resilience to potential negative impacts and ensuring that potential benefits are realised (e.g. building farmers' capacity to manage risks from unpredictable and/or heavy rains; droughts; increasing water harvesting, production and storage capacity; improving agricultural water use efficiency; combating soil erosion; improving soil and water conservation; protecting infrastructure and agricultural land from flood damage;

adapting smallholder agricultural practices to shifting rainfall patterns and temperature variations; and shifting production of staples to better suited crops or livestock).

To facilitate the movement of people and goods with a view to improving access to markets and better supplies and services, as well as to opening up communities in highland areas, the EU may need to press the government and/or other donors for the construction, upgrading (e.g. erosion protection), and maintenance of quaternary roads.

- Sustainable basic services (welfare & health):

The EU support programme for 2014-2015 will continue to complement and extend the efforts made in previous years improving the delivery of basic services, including welfare and health, while rolling out actions at a larger scale, both in terms of financial volume and geographical coverage, and with a gradually stronger financial load from the Government.

Finally, recognising the importance of the Information and Communication Technologies (ICT) and their applications as proven drivers of inclusive and sustainable growth, innovation and entrepreneurship, in designing interventions throughout the sectors of concentration as well as supporting measures of Yemen's Indicative Programme, particular attention will be paid to the deployment of ICTs and the full exploitation of their potential in providing or facilitating viable solutions in all sectors and areas of intervention of the programme.

2. Financial overview (indicative amounts)

Governance and Rule of Law

- *Security Sector Reform & Justice (SSRJ)* EUR 39.2 million
- *Public Finance Management (PFM) & New NDP* EUR 7 million

Integrated Rural Development

- *Enhance the potential for growth & job creation* EUR 40 million
- *Sustainable Basic Services (welfare & health)* EUR 20 million

Supporting measures EUR 1.8 million

Total EUR 108 million

3. EU support per sector 3.1 Promoting Good Governance and the Rule of Law (indicative amount EUR 46.8 million)

3.1.1 The following overall and specific **objectives** will be pursued:

- 1) To achieve civil security stability and enhance the Rule of Law, including enhancing trust between civil security and justice institutions (formal and informal) and the general population.
- 2) To increase the capacity of the State to formulate and implement structural reforms and absorb and turn to good use the financial support pledged and provided by the international community.

3.1.2. For each of the specific objectives the main expected **results** are:

Expected Results for Specific Objective 1:

- 1) The provision of citizen-focused civil security services is enhanced;
- 2) Continued support to the institutional reform of the Ministry of Interior, including its civil security institutions and newly established accountability structures, is ensured;
- 3) Progress is made with respect to gender equity at all levels;
- 4) Integrity of justice providers increased and respect for human rights and international standards is ensured;

Expected Results for Specific Objective 2:

- 1) Improved fiscal sustainability and budget credibility (planning, execution) at federal and decentralised level.
- 2) Enhanced environmental and climate change integration in national and sector processes, through a “greening the budget” process (e.g. substantial decrease of oil subsidies).
- 3) Support in the development of a comprehensive, inclusive and consultative Yemen National Development Plan 2016 – 2020 is ensured.

3.1.3. The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in annex.

3.1.4. Donor coordination and policy dialogue are:

Within the Governance sector, the main donor coordination forum is the Governance Working Group, led by UNDP in coordination with the Ministry of Local Administration. Regular bi-monthly meetings are held, and key international actors in the sector attend, including a number of Member State embassies and development cooperation offices. Recent focus has been on aligning donor efforts on inclusive governance and fiscal decentralisation. The EU leads the Rule of Law Donor Coordination Group that is co-chaired with the Ministry of Interior. It works at donor and Ministry level, and serves specifically matters related to security sector reform and rule of law. In support to this, UNDP and OHCHR have recently established a Rule of Law Working Group to discuss, coordinate and liaise amongst actors working in the fields of justice, policing, security, and the wider rule of law agenda. Although a rather new working group, it will serve for dialogue as well as coordination of programmes for interested donors and implementing agencies in Yemen.

In the field of Public Finance Management, the Government of Yemen supported by the EU and the donor community have progressed on the objective agreed under the MAF (Policy Reform Area No 2) with respect to the preparation of an Action Plan for PFM reforms. The plan, jointly formulated by Ministry of Finance, of Planning and Local authorities, is based on realistic objectives and focuses on urgent reforms that can be achieved in the transitional period 2014-2015. The key objectives are to restore fiscal sustainability and budget credibility as well as addressing a number of pressing issues in budget execution and control.

3.1.5. The Government's financial and policy commitments are:

During the transition phase, the Government of Yemen's has declared "restoring political, security and economic stability and enhancing state building" as the over-arching goal of the

Transition Programme for Stabilisation and Development 2012-2014 (TPSD). One of the two key pillars of the TPSD is to achieve security, stability and the rule of law.

In line with its commitment to support the reform and restructuring process of the MoI and its civil security institutions throughout the transition process, the EU, through the Instrument for Stability, has been supporting the Ministry of Interior in the development of its Strategic Plan and Implementation Plan. In addition, a number of ongoing programmes under DCI and EIDHR budget lines have supported areas of juvenile justice, death penalty and improved detention facilities. All proposed measures under the Governance Sector have been carefully calibrated in collaboration with other key international donors in the sector, to reflect the needs and priorities of the Ministry of Interior and the justice sector. The recent endorsement of the Strategic Plan is a significant step forward in the adoption of a shared mission and vision. A Strategic Plan 2014-2016 has been adopted, which has informed the identification of priorities of the MIP 2014-2015. The plan will serve as a guiding document for dialogue and support to the Ministry. Similarly, a reform plan and strategy of the Ministry of Justice has been shared with the EU Delegation and forms the basis of a number of potential entry points for the outlined MIP, in line with other actors priorities and interventions in the sector.

Looking forward, the Ministry of Interior and its civil security institutions will need to follow-through on their political and strategic commitment, to ensure the achievement of the expected results of the MIP 2014-2015. This will require significant political will on behalf of the Minister and his staff, and full support to tackle a number of highly sensitive and highly political elements of the reform agenda, notably in the demilitarisation of the civil security institutions, and strengthening accountability and transparency structures. Political will also be critical in promoting, in real terms, human right and gender mainstreaming across all of the measures foreseen while, visible to the population at large, efforts need to be made to end qat consumption across the civil service and, notably, by the security forces during working hours as it is against Yemeni law. A collaborative yet decisive approach with other line ministries and national actors will be fundamental to the achievement of results, notably with the Ministry of Justice, Ministry of Legal Affairs, the Police Academy and other defence and military security institutions.

In terms of political commitments, the recently agreed outcomes of the National Dialogue Conference provide the basis for a new constitution drafting process, coupled with a number of legislative reviews and institutional restructuring to follow. The Ministry of Justice and Ministry of Legal Affairs are key lead ministries in this respect. Any support programme under the MIP will thus need to take into account the changing judicial context in which it is proposed, and will rely heavily on the political commitment of the judicial sector accordingly.

With respect to financial commitments, the Government of Yemen has approved the budget for 2014, estimated at YER 2,883,532,192,000 (EUR 9,9 billion). It is yet unclear to which degree the budget will support the civil security sector and the rule of law. Traditionally, almost a third of the yearly budget is spent on Yemeni military and defense priorities. The EU's support to good governance, the rule of law and civil security institutions, is carefully coordinated with the most important partners, including the Netherlands, the United Kingdom and the Government of the USA. Together a sizeable financial contribution to this sectors can be expected.

One of the commitments undertaken by the Government of Yemen in the MAF is the achievement of budget coherence, while the achievement of macroeconomic stability is the fourth priority of the TPSD 2012-2014. The outcome of the National Dialogue indicates that Yemen will be structured as a federal state and therefore Public Finance Management should also consider fiscal decentralisation.

In line with its commitment to support PFM reform and fiscal decentralisation, the EU has been supporting the drafting of the Action Plan of Yemen Public Finance Management Reform Program 2014-2015. Not only a positive signal to the EU and all international actors, this Action Plan will be the framework for policy dialogue and development cooperation and coordination between the donors, EU and the three Ministries concerned during the transition period and is fully aligned on the conclusion of the National Dialogue.

*3.1.6. When needed, the appropriate type of **environmental assessment** (Strategic Environmental Assessment or Environmental Impact Assessment) will be carried out.*

Although an environmental assessment is not expected to be required, the environmental and climate risk screening procedures included in the Guidelines for the Integration of Environment and Climate Change in EC Development Cooperation will be applied. The results of the screenings will help identify opportunities to enhance the degree of environmental and climate change integration in programme formulation.

*3.1.7. The overall **risk assessment** of the sector intervention:*

| Major risks | Possible mitigating measures |
|--|--|
| <p>A deterioration in the security situation across Yemen, thus directly affecting</p> <ul style="list-style-type: none"> - ability of the MoI and security institutions to dedicate staff and resources to the proposed measures (change of security priorities) - ability of civil society and other actors to engage in a meaningful way in the rule of law sector - ability of projects to physically access project sites - availability of international staff presence enabling smooth implementation and the achievability of the objective and results of measures proposed - ability of remote monitoring of project implementation | <ul style="list-style-type: none"> - Aim to strengthen the provision of security services to the citizen, through the proposed measure itself (pre-emptive action). - Aim to support, early on, confidence building measures and partnerships between civil society and state security apparatus. - Ensure implementation periods and flexibility in procedures that allow for the highly fluid context of Yemen. - Monitor security situation regularly and consider potential unavailability of international presence in-country. - Build local capacities for monitoring of project implementation. |
| <p>Political interests within the Ministry hamper the overall political will of key leadership persons to engage in reforms that will touch the nerve of the Ministry of Interior and its civil security institutions.</p> <p>A measure of success will be the ability to demilitarise the civil police and complete a number of proposed structural and administrative reforms, which will have political, financial, institutional and administrative consequences.</p> | <ul style="list-style-type: none"> - Engage in sustained policy dialogue with key actors to ensure continued momentum and trust to carry out reforms. - Build institutional capacity, and work with 'champions of change' to strengthen the Ministry and its civil security institutions. - Improve external accountability vis-a-vis civil society and engagement with 'the citizen'. |

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|---|---|
| | <ul style="list-style-type: none"> - Ensure implementation is sequenced to garner commitment and political will. Capitalise on champions of change within the Ministry. |
| <p>A lack of absorption capacity of the Ministry of Interior and its civil security institutions, vis-à-vis the proposed measures.</p> <p>Recent efforts in the sector have disclosed that there is a lack of capacity within the civil security sector to manage, oversee or execute support measures.</p> | <ul style="list-style-type: none"> - Ensure that all support to the administrative and restructuring of the Ministry is coupled with capacity building measures. - Ensure implementation is sequenced carefully and build-in regular participatory mid-term reviews. - Capitalise on champions of change within the Ministry. |
| <p>A Sana'a centric implementation agenda which will undermine efforts to improve the security and safety of all citizens across Yemen.</p> | <ul style="list-style-type: none"> - Ensure that geographic targeting is as inclusive as possible; asses feasibility of extra-capital targeting. - Encourage all actors to be aware of risks, at implementation and impact level, of a capital-centric approach. |
| <p>A deterioration in the security situation across Yemen, thus directly affecting</p> <ul style="list-style-type: none"> - ability of the MoF to dedicate staff and resources to the proposed reforms - ability of donor community to engage in a meaningful way in PFM reforms - availability of international staff presence to assisting in ensuring the implementation of proposed measures | <p>Build local capacities for implementing and monitoring of project activities.</p> |
| <p>PFM reforms may be jeopardised by the different interests influencing state budget.</p> | <ul style="list-style-type: none"> - Engage in sustained policy dialogue with key actors to ensure continued momentum and trust to carry out PFM reforms. - Build institutional capacity, and work with 'champions of change' to strengthen the Ministry of Finance. - Define a clear and time bound joint review mechanism between donors and GoY |
| <p>A lack of absorption capacity of the Ministry of Finance vis-à-vis the proposed measures.</p> | <p>Ensure proper sequencing of support and necessary capacity building measures as well as donors coordination.</p> |

3.2 Integrated Rural Development (indicative amount EUR 60 million)

*3.2.1 The following overall and specific **objectives** will be pursued:*

To support communities, women, young people, disabled, migrants, refugees and IDPs to embrace self-reliance, to establish viable, equitable and sustainable community organisations for promoting development, to exploit economic opportunities, to increase resilience against

economic, climatic (e.g. drought) and environmental shocks, to strengthen community participation, and to deliver improved social services.

Specific Objectives:

- 1) To sustainably improve rural livelihoods
- 2) To improve smallholders/fishermen resilience, especially for the target beneficiaries, leading to environmentally sustainable and climate-resilient rural/costal income-generating livelihoods.
- 3) To support improved access to basic services for rural communities

3.2.2. *For each of the specific objectives the main expected **results** are:*

Expected Results for Specific Objective 1:

- 1) Water management in target communities is improved and conflicts around water have decreased (including awareness on high opportunity cost of qat production is raised in view of Yemen's scarce water resources)
- 2) Action plans for development are available at community level and are able to attract investments

Expected Results for Specific Objective 2:

- 1) Rural population is integrated in structured value chains, increase their productivity, use environmentally sustainable and climate-change resilient agricultural inputs and practices (e.g. conservation agriculture, integrated pest management), achieve improvements in livestock productivity, and have access to financial services, while awareness is enhanced about the overall impact of qat on public health, including the nutritional status, and on labour productivity, crucial in enhancing value chains
- 2) The most vulnerable improve their livelihoods, resist to shocks, and manage risks.
- 3) Local power needs increasingly sourced through renewable energies and "green" water technologies;
- 4) Public and private sector have improved their services in support of value-chain development.

Expected Results for Specific Objective 3:

- 1) A system of community health workers (CHW) is created or sustainably maintained, enabling access to primary healthcare services, ensuring improvement of knowledge, attitude and practice of first level caretakers on primary healthcare topics, including by addressing issues such as the impact of qat consumption on household budgets, nutritional status and use of water resources.

3.2.3. *The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in annex.*

3.2.4. **Donor coordination and policy dialogue** are:

Social protection issues are mainly dealt by a donor working group coordinated by DFID and participated to by the World Bank, ILO, KfW, UNICEF, USAID and Royal Kingdom of the Netherlands. This Social Protection Working Group will explore a policy dialogue to support Ministry of Social Affairs and Labor (MoSAL) to define a comprehensive social protection policy.

The MoSAL is considered the coordinating body. Early 2014, MoSAL requested SWF to co-chair a Coordination Working Group. The social welfare policy dialogue still needs to be set on the EU Delegation agenda. It will consider parallel approaches to support increasing state revenues for social welfare and mechanism to address hardship communities' vulnerabilities.

A Food Security and Agricultural Cluster coordinates donor activities in Livelihood. The EU closely coordinates this intervention with lead organizations such as FAO, IFAD, and WFP. A major step towards improved donors' harmonisation was achieved with the creation in 2013 of the High Council for Food Security and the Food Security Technical Secretariat under the direct responsibility of the Minister of MoPIC and the establishment of the ECHO-initiated IPC in 2012. As soon as the Secretariat is fully operational it shall be fully responsible for leading the policy dialogue and donor's coordination.

Resilience for better health of the Yemeni population has been discussed with the MoPHP and builds on the on-going dialogue with the Health Development Councils at Governorate level. Development partners active in the health sector include the traditional donors as well as the neighbouring Gulf countries. A coordination forum of Development Partners meets regularly even if its effectiveness is limited to information exchange. The MoPHP's capacity for effective coordination and steering is severely hampered by a very scarce resources allocation. Meanwhile, emergency operations aiming mainly to tackle acute malnutrition and its causes will be necessarily implemented wherever possible, until the rates fall well below the critical thresholds.

3.2.5. *The Government's **financial and policy commitments** are:*

The Government's TPSD provides the main basis for national and international humanitarian and development aid actors to foster the resilience of the most vulnerable. It refers to the reduced public services and the deterioration in the position of the public budget. It identifies as medium term priorities: i) revive economic growth; ii) improve infrastructure; iii) expand social protection; iv) human resources development youth and women aspirations including primary health care and reproductive health services; v) enhance the role of private sector and improve business climate; and vi) developing the system of good governance and state building. Overall, Yemen's fiscal situation is likely to remain extremely precarious with an estimate primary deficit at 10% and more of GDP in the coming years.

Historically, the budget in support to health has always been well below the average of countries with similar socio-economic characteristics and has been on average less than 5 percent of total government expenditure against an average of 20 percent for defence and 16 percent for education. Despite the recurrent and chronic nutrition crisis, especially severe as a result of the 2011 crisis, no separate budget is assigned to the nutrition sub-sector.

The Friends of Yemen have pledged about USD 8 billion for the three year period 2012-2014 but most of that external support is made in support of economic development (infrastructures) and the development of public services.

3.2.6. *When needed, the appropriate type of **environmental assessment** (Strategic Environmental Assessment or Environmental Impact Assessment) will be carried out.*

The EU environmental assessment has not been conducted in Yemen. For this 2 years MIP, material as collected by UN organisations should be sufficient.

Rates of global warming greater than the global average are anticipated in Yemen, and will affect the population. There is considerable uncertainty related to future changes in rainfall, their magnitude or the frequency of floods and droughts. Biodiversity and ecosystems on the coastal zone are threatened by rising sea levels and warmer waters affecting fisheries.

Qat production continues to crowd out nutritional food and cash crops, even in prosperous agricultural areas. Intensive in water use, qat has a high opportunity cost while making Yemen's current agricultural production pattern environmentally unsustainable.

3.2.7. *The overall risk assessment of the sector intervention:*

| Major risks | Possible mitigating measures |
|---|--|
| <p>The security situation in Yemen continues to be extremely fragile. The Rule of Law is largely absent in Yemen and non-state actors cannot play a key role in security and justice. A complex tribal alignment based on geographic and political patronage increases the challenges for implementation in this sector which targets the rural areas.</p> <p>The volatility of the security situation at local level hampers a smooth implementation of actions at local level, ultimately worsening resilience capacities of the communities or changing the local risk profile as well as the capacities of the implementing partners and of the Contracting Authority to track for results.</p> | <ul style="list-style-type: none"> - Longer implementation period as well as use of flexible procedures can help in better tailoring actions at local level. - Importance will be given to M&E and to reinforce institutional reporting systems. |
| <p>The political transition is fragile as tensions and the high unemployment persist, especially among the youth. If the risks of States' institutions weakening and instability materialize, it would disrupt economic activity and test the political resolve to implement reforms.</p> | <ul style="list-style-type: none"> - Institutional capacity building will have to be coherent with weak and unstable institutions. - Capacity Development at national and sub-national level (up to community level) focusing on planning, budgeting and M&E will accompany all steps of activities in resilience. |
| <p>A sustained large decline in oil production would adversely impact the external and fiscal accounts. There could also be a decrease from the GCC countries with regards to aid, remittances and trade. As a result the Government could plan and lower public spending on aspects affecting the rural population.</p> | <p>A high level policy dialogue between the EU Delegation to Yemen and the Ministry of Finances and line Ministries might mitigate the risk of lower public spending related to rural populations, social protection, health and food security.</p> |
| <p>Stricter immigration controls in the GCC countries, particularly Saudi Arabia: Remittances averaged around 6 percent of GDP in 2012 and about 2 million Yemenis are estimated to work in Saudi Arabia. With stricter immigration controls in neighboring countries, unemployment and poverty could increase and the external position adversely impacted. Returnees could re-settle massively in a few areas, creating</p> | <ul style="list-style-type: none"> - EU donor community to coordinate closely their activities to ensure the link between Relief, Rehabilitation and Recovery. - Areas of expected settlement of returnees to be included as a priority in the targeting as well as |

| | |
|--|--|
| extra pressure to the local communities. | supporting local communities to cope with the shock of welcoming returnees. |
| Qat production and consumption (90% of all male Yemenis on a regular, if not daily basis) continue to divert scarce resources, including for fuel subsidies to pump water (fiscal impact) while negatively affecting public health (qat is among factors at the root of 46% food insecurity of Yemenis) and labour productivity. | - Awareness will be raised about the negative effects of qat, notably to encourage local communities about the choice for crops, use of household budgets and public health effects. |

4. Support Measures (indicative amount EUR 1.8 million)

A support facility is foreseen, which will support and accompany with limited amounts the programming, preparation or implementation of actions. This facility is programmed in addition to the focal sectors. It will not be used for financing small projects in additional sectors, or for actions related to cross cutting issues.

With specific reference to the governance sector, it is planned that a comprehensive identification of risks and mitigation measures, including a feasibility assessment, is concluded as part of the supporting measures under the MIP 2014-2015.

Part of the support measures' funds will be used in the preparations for the MIP 2016-2020, especially in relation to the environmental assessments needed in this respect.

In addition, support measures budgets will be used to conduct a series of baseline surveys, subsequently enabling measuring the evolution of the indicators, mentioned in the two sectors above.

Attachments

1. Country at a glance (i.e. macro economic indicators and indicators derived from the MDGs, as well as possible other indicators relevant for the country, including risk indicators for disaster prone countries) (max. 2 pages)
2. Donor matrix showing the indicative allocations per sector (max. 1 page)
3. Sector intervention framework and performance indicators (see Template in Attachment 1)
4. Indicative timetable for commitment of funds (see Template in Attachment 2)

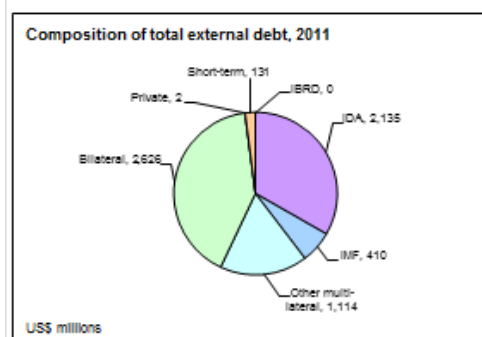
Attachment 1: Country at a glance

Yemen, Rep.

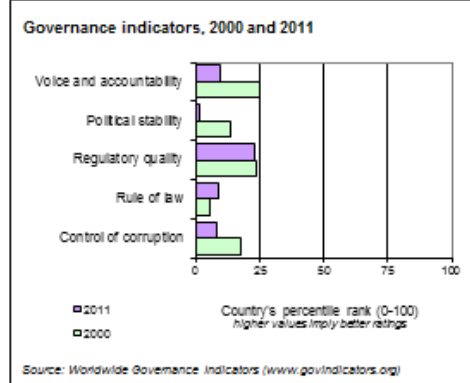
| Balance of Payments and Trade | 2000 | 2011 |
|---|-------|--------|
| <i>(US\$ millions)</i> | | |
| Total merchandise exports (fob) | 3,797 | 7,708 |
| Total merchandise imports (cif) | 2,484 | 8,709 |
| Net trade in goods and services | 714 | -1,698 |
| Current account balance as a % of GDP | 13.9 | -2.9 |
| Personal transfers and compensation of employees (receipts) | 1,288 | 1,404 |
| Reserves, including gold | 2,942 | 5,341 |

| Central Government Finance | 2000 | 2011 |
|------------------------------------|------|-------|
| <i>(% of GDP)</i> | | |
| Current revenue (including grants) | 37.8 | 26.0 |
| Tax revenue | 7.1 | 6.6 |
| Current expenditure | 24.5 | 25.4 |
| Overall surplus/deficit | -1.3 | -11.7 |
| Highest marginal tax rate (%) | | |
| Individual | .. | .. |
| Corporate | .. | 28 |

| External Debt and Resource Flows | 2000 | 2011 |
|---|-------|-------|
| <i>(US\$ millions)</i> | | |
| Total debt outstanding and disbursed | 5,162 | 6,418 |
| Total debt service | 245 | 274 |
| Debt relief (HIPC, MDRI) | - | - |
| Total debt (% of GDP) | 53.6 | 19.0 |
| Total debt service (% of exports) | 5.9 | 2.8 |
| Foreign direct investment (net inflows) | 6 | -713 |
| Portfolio equity (net inflows) | 0 | 0 |



| Private Sector Development | 2000 | 2011 |
|--|------|------|
| Time required to start a business (days) | - | 12 |
| Cost to start a business (% of GNI per capita) | - | 83.8 |
| Time required to register property (days) | - | 19 |
| Ranked as a major constraint to business (% of managers surveyed who agreed) | 2000 | 2011 |
| n.a. | .. | .. |
| n.a. | .. | .. |
| Stock market capitalization (% of GDP) | .. | .. |
| Bank capital to asset ratio (%) | .. | .. |



| Technology and Infrastructure | 2000 | 2011 |
|--|------|------|
| Paved roads (% of total) | .. | 8.7 |
| Fixed line and mobile phone subscribers (per 100 people) | 2 | 51 |
| High technology exports (% of manufactured exports) | 0.0 | 0.3 |

| Environment | 2000 | 2011 |
|---|-------|-------|
| Agricultural land (% of land area) | 45 | 44 |
| Forest area (% of land area) | 1.0 | 1.0 |
| Terrestrial protected areas (% of land area) | 0.5 | 0.5 |
| Freshwater resources per capita (cu. meters) | 112 | 85 |
| Freshwater withdrawal (% of internal resources) | 161.9 | 169.8 |
| CO2 emissions per capita (mt) | 0.83 | 1.0 |
| GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent) | 7.9 | 8.0 |
| Energy use per capita (kg of oil equivalent) | 267 | 298 |

| World Bank Group portfolio | 2000 | 2011 |
|--|-------|-------|
| <i>(US\$ millions)</i> | | |
| IBRD | | |
| Total debt outstanding and disbursed | 0 | 0 |
| Disbursements | 0 | 0 |
| Principal repayments | 0 | 0 |
| Interest payments | 0 | 0 |
| IDA | | |
| Total debt outstanding and disbursed | 1,216 | 2,135 |
| Disbursements | 65 | 13 |
| Total debt service | 23 | 70 |
| IFC (fiscal year) | | |
| Total disbursed and outstanding portfolio of which IFC own account | 12 | 136 |
| Disbursements for IFC own account | 8 | 0 |
| Portfolio sales, prepayments and repayments for IFC own account | 0 | 7 |
| MIGA | | |
| Gross exposure | - | - |
| New guarantees | - | - |

Note: Figures in italics are for years other than those specified.
.. indicates data are not available. - indicates observation is not applicable.

3/15/13

Development Economics, Development Data Group (DECDG).

Attachment 2: Donor Matrices

| DONOR MATRIX | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------|---------------------|----------------------|--|---|---|-----------------------------|--------------------------------|---|-------------------|----------------------|---|---|---------------------------------|-----------------|-------------|--------------|---------------|--|
| donor country/ organization | total pledge 2013 (source MAF) expressed in MIO\$ | Education | Population Policies | Water and sanitation | Government and Civil Society | Other Social Infrastructures and Services | Banking and financial services | Business and Other Services | Agriculture Forestry Fisheries | Multi sector / Cross cutting | Commodity and Aid | Programme Assistance | Actions related to Debt | Emergency assistance and Reconstruction | Health incl Reproductive Health | Support to NGOs | Unallocated | TOT by donor | | |
| I. GCC Donors | 4,415.00 | | | | | | | | | | | | | | X | | | | | |
| II. Regional & International Finance Institutions | | | | | | | | | | | | | | | | | | | | |
| Arab Fund | 553.00 | | | | | | | | | | | | | | | | | | | |
| Arab Monetary Fund | 305.00 | | | | | | | | | | | | | | | | | | | |
| IFAD | 41.00 | | | | | | | | X | | | | | | | | | | | |
| IMF** | 120.00 | | | | | | | | | | | | | | | | | | | |
| Islamic Development Bank | 103.32 | | | | | | | | | | | | | | | | | | | |
| OFID Development Fund | 44.00 | | | | | | | | | | | | | | | | | | | |
| United Nations System | 268.40 | X | X | | X | | | | | X | X | | X | X | X | | | | | |
| World Bank/IDA | 542.00 | | | | | X | | | | | | | | X | | | | | | |
| Sub-total IFIs | 1,976.72 | | | | | | | | | | | | | | | | | | | |
| III. OECD Donors | | | | | | | | | | | | | | | | | | | | |
| Australia | 5.00 | | | | | | | | | | | | | | | | | | 0 | |
| Denmark | 30.00 | | | | X | | | | X | | | | | | | | | | 0 | |
| European Commission (*) | 215.40 | 0 | 0 | | 65.47 | 8 | 5 | 0 | 35 | 0 | 0 | | 33 | 10 | 1.41 | 0 | | | 157.88 | |
| France | 88.10 | | | | | | | | | | | | | | | X | | | 0 | |
| Germany | 157.60 | | | X | X | X | | X | X | X | | | | | 3 | X | | | 3 | |
| Italy* | 45.00 | | | | | | | | | | | | | | | | | | 0 | |
| Japan | 82.40 | | | | X | | | | X | | | | | | | | | | 0 | |
| Netherlands | 100.00 | X | | X | X | X | | | | X | | | X | | | X | | | 0 | |
| South Korea | 2.00 | | | | | | | | | | | | | | | | | | 0 | |
| Spain* | 1.50 | | | | | | | | | | | | | | | | | | 0 | |
| Sweden | 46.90 | | X | | X | | | | | X | | | | | | | | | 0 | |
| Switzerland | 25.10 | | | | | | | | | X | | | | | | X | | | 0 | |
| Turkey | 100.00 | | | | X | | | | | X | | | | | | | | | 0 | |
| United Kingdom | 351.10 | | | | X | | X | | | X | | | X | | 10 | X | | | 10 | |
| USA | 507.70 | | | | X | X | | | | X | | | X | X | X | X | | | 0 | |
| Sub-total OECD | 1,757.80 | | | | | | | | | | | | | | | | | | 0 | |
| TOTAL | \$8,150 | 0 | 0 | 0 | 65.47 | 8 | 5 | 0 | 35 | 0 | 0 | 0 | 33 | 23 | 1.41 | 0 | | | 170.88 | |
| EC % | 2.6% | | | | 100.0% | 100.0% | 100.0% | | 100.0% | | | | | 43.5% | 100.0% | | | | | |
| (X) Pledges in the field do exist but the amount is unknown | | | | | | | | | | | | | | | | | | | | |
| (*) EU includes only the MIP 2014-2015 | | | | | Estimated 55 mil under MIP + 4.74 under NSA/LA 2013-2015 + 6 mil for PFM | | The EU contribution to UNDP/FAO/WFP has a broader spectrum than agriculture though it is reported only under this heading | | | EU: 33 mio EUR. This is the ECHO contribution for 2014. Contribution for 2015 is still undefined. | | | includes 1.2 EIDHR for 2013 - 0.21 for NSA/LA | | | | | | | |

Total Allocations (€) Ongoing and Pipeline Programmes/Projects

| Donor | Education | Population Policies | Water Supply and Sanitation | Government and Civil Society | Other Social Infrastructure | Other Social Infrastructure and Services | Transport and soilage | Communications | Energy | Banking and Financial Services | Business and other Services | Agriculture, Foerstyan Fishing | Industry, Mineral Resources and Mining | Trade and Tourism | Multi-Sector Cross-cutting | Commodity Aid and General | Programme Assistance | Action Related to Debt | Emergency Assistance and Reconstruct | Health | Reproductive Health | Support to NGOs | Unallocated/Unspecified | Total by donor |
|--------------------|-------------------------------------|---------------------|-----------------------------------|--|-----------------------------|--|-----------------------|----------------|-----------|--------------------------------|-----------------------------|--------------------------------|--|-------------------|----------------------------|---------------------------|----------------------|------------------------|--------------------------------------|----------------------------------|---------------------|-----------------|-------------------------|---|
| Sector by DAC Code | 112 | | 140 | 150 | | 330 | | 220 | 230 | 240 | 250 | 311 | | 331 | 410 | 520 | | 600 | 720 | 122 | 130 | 920 | | |
| EC | | | 28,249,602 | | 7,214,414 | | | | | | | 4,200,000 | | 7,000,000 | 11,800,000 | 72,340,000 | | | 1,520,000 | 6,430,000 | 20,000,000 | | | 192,299,214 |
| Czech Rep. | 50 000 annually | 716,000 | | | | | | 1,400,000 | | | | | | | 70,000 | | | | | | | | | 2,110,000 + 150,000 annually |
| Denmark | | | | 4,188,740 (Phase 1: 2,648,764 annually / Phase 2: 4,700,000) | | | (16,664 annually) | | | | | | | | | | | | | | | | | 1,801,000 + 280,000 (Phase 1: annually 2,912,340 / Phase 2: annually 3,708,000) |
| France | 1 400 000 + 440 000 annually | | | 2,700,000 + 60,000 annually | | 2,000,000 + (14,000 annually) | | 66,000,000 | | | 2,269,729 | | | | 4,000,000 | 1,520,000 | | | | | | 6,000,000 | | 112,469,729 + Annually 1,414,000 |
| Germany | 6600000 TC + 25590000 FC + 24000000 | | 167,473,000 (FC) + 7,170,000 (TC) | 2,740,000 | | | | 1,022,000 | | 6,700,000 | | | | | 10,600,000 | 17,194,000 | | 600,000 | | 7,170,000 (TC) + 10,900,000 (FC) | | | | 263,051,000 |
| Italy | | | | 21,044,000 | | | | | | | | | | | | | 11,048,073 | | | 402,050 | | | | 47,266,123 |
| Netherlands | 21,681,739 | | 26,261,068 | 2,810,110 | | 109,220 | | | 1,215,000 | 670,200 | | | | | 1,891,267 | | | | | 6,362,112 | 32,862,630 | | | 126,452,073 |
| UK | 21,681,739 | | 2,642,320 | 14,862,226 | | | | | 2,122,679 | | | | | | 60,791,190 | | | 4,280,000 | | | 6,211,722 | | | 174,561,751 |
| Total by Sector | 101,252,242 + 200,000 annually | 206,254,409 | 68,119,014 + 2,228,701 annually | 6,217,266 + (14,000 annually) | | (16,664 annually) | 66,622,000 | 4,370,479 | 7,673,200 | 10,669,729 | | | 7,000,000 | 120,112,547 | 67,724,000 | | 11,048,073 | 5,840,000 | 17,100,162 | 66,067,142 | 6,000,000 | | | 660,211,692 + annually 2,402,210 |
| EC % | | | 41% | | 74% | | | | | | 50% | | | 100% | | 77% | | 23% | 49% | 25% | | | | |

Attachment 3. Sector intervention framework

Baselines for the indicators below will be introduced in Action documents at the latest.

| Sector 1: Promoting Good Governance and the Rule of Law | | |
|--|--|---|
| Specific Objective 1: To achieve civil security stability and enhance the Rule of Law, including enhancing trust between civil security and justice institutions (formal and informal) and the general population. | | |
| <u>Expected Results</u> | <u>Indicators</u> | <u>Means of verification</u> |
| 1. The provision of citizen-focused civil security services is enhanced. | 1. Level of public confidence in the performance of civil security institutions each year. | 1. Public opinion polls (pre/post) 2. Training reports 3. Ministry reports on the number of incidents and speed of reaction 4. Press reports, civil society reports |
| 2. Continued support to the Institutional Reform of the Ministry of Interior, including its civil security institutions and newly established accountability structures, is ensured. | 1. Number of fully trained human resources within civil security institutions (indicator to be sex-disaggregated) 2. Development and implementation of institutional reforms: Milestone 1: standard operating procedures (SOP), Milestone 2: code of conduct (COC), as well Milestone 3: legal review and Milestone 4: bylaws of civil security institutions. 3. Number of security and police personnel, across ranks, held accountable for professional misconduct, per year 4. Number of Human Rights violations by security institutions monitored and reduced per year 5. Establishment of functional accountability and dialogue structure with CSOs and citizens | 1. Institutional organigram and number of women across the various levels of hierarchy 2. Standard Operating Procedures and Codes of Conduct documents 3. Inspector General reports 4. 5. Number of complaints from public, CSO and citizen groups 6. Human Rights Watch reports 7. Press reports 8. Reports on service provision by civil police services. |
| 3. Progress is made with respect to gender equity at all levels | 1. Number of women at the different levels in the hierarchy of the Ministry of Interior 2. campaigns on role of women in security sector conducted | 1. Ministry Reports indicating gender ratio at all levels 2. Ministry outreach campaign for gender roles in security 3. Press articles 4. Civil society reports |
| 4. Integrity of the security – | 1. Public perception of judicial | |

| | | |
|--|--|---|
| justice chain and of the justice providers increased and respect for human rights and international standards is ensured | independence and integrity 2. Status of legislative review integrating human rights and international standards and practices. Milestone 1: review implemented. 3. Number of prisons that conform with human rights and international standards and practice | 1. Public opinion polls pre/post 2. Ministry reports on implementation of legislative reform and coherence of national bodies of law 3. Training reports 4. Public reports (e.g. Human Rights Watch, United States Institute for Peace), civil society reports, press reports |
|--|--|---|

Specific objective 2: To increase the capacity of the State to formulate and implement structural reforms and absorb and turn to good use the financial support pledged and provided by the international community.

| <u>Expected Results</u> | <u>Indicators</u> | <u>Means of verification</u> |
|--|--|--|
| 1. Improved Fiscal sustainability of the State budget and better Budget planning, execution and transparency. Improved PFM system at decentralised level. | 1. Improved planning, execution and transparency of budget. 2. Number of debates held at Parliament on budget preparation and execution 3. Level of fiscal decentralisation Milestone 1: decentralization is initiated. 4. Discussions have taken place with GoY to mainstream environment and climate change in the budgeting process | 1. PEFA 2. Parliamentary reports on related issues 3. Reports and positions produced by NGOs and CSOs 4 |
| 2. Support in the development of a comprehensive, inclusive and consultative Yemen National Development Plan 2016 – 2020 is ensured. | 1. Number of meetings held with CSOs and number of CSOs in those meetings on the Yemen National Development Plan 2016-2020 | 1. CSOs reports 2. Press articles 3. Meetings with Ministers |

Sector 2: Integrated Rural Development

Specific objective 1: To sustainably improve rural livelihoods

| <u>Expected Results</u> | <u>Indicators</u> | <u>Means of verification</u> |
|---|---|---|
| 1 Water management in target communities is improved and conflicts around water have decreased (including | 1. Number of conflicts relating to water 2. Number of action plans | 1. Country statistics (e.g. resources needed per unit production) 2. FAO and WFP surveys |

| <p>awareness on high opportunity cost of qat production is raised in view of Yemen's scarce water resources)</p> <p>2. Action plans for development are available at community level and are able to attract investments</p> | <p>developed by villages and amount of investments they were able to attract</p> <p>3. Number of productive infrastructures (agriculture terraces, water harvesting and water-efficient irrigation systems, desalination "green" water technologies, etc.) rehabilitated and increased</p> <p>4. Proportion of farmers receiving rural advisory services from the EU and training).</p> | <p>3. Project reports</p> <p>4. Government reports</p> <p>5. Press reports</p> <p>6. NGO reports</p> |
|--|---|--|
| <p>Specific objective 2: To improve smallholders/fishermen resilience, especially for the target beneficiaries, leading to sustainable rural/costal income-generating livelihoods</p> | | |
| <p><u>Expected Results</u></p> | <p><u>Indicators</u></p> | <p><u>Means of verification</u></p> |
| <p>1. Rural population is integrated in structured value chains, increase their productivity, , use environmentally sustainable and climate-change resilient agricultural inputs and practices (e.g. conservation agriculture, integrated pest management), achieve improvements in livestock productivity, and have access to financial services, while awareness is enhanced about the overall impact of qat on public health, including the nutritional status, and on labour productivity, crucial in enhancing value chains</p> | <p>1. Number of smallholders/ fishermen using climate change resilient agricultural inputs and processes (e.g. conservation agriculture, integrated pest management).</p> <p>2. Level of livestock productivity.</p> <p>3. Number of micro loans given to rural smallholders / fishermen / communities.</p> | <p>1. Country statistics data and reports</p> <p>2. FAO and WFP surveys</p> <p>3. Project reports</p> <p>4. Government reports</p> <p>5. Reports from Microfinance Institutions</p> <p>6. Ministry of Agriculture and Irrigation reports</p> <p>7. Reports from community bodies</p> |
| <p>2. The most vulnerable improve their livelihoods, resist to shocks, and better manage risks</p> | <p>1. Number of people among most vulnerable having access to and making use of programs promoting vocational training and/or income generating activities.</p> | <p>1. SWF monthly statistics</p> <p>2. Project reports from iNGOs and UNICEF</p> |

| 3. Local power needs increasingly sourced through renewable energies and "green" water technologies; | 1. Power generated (kW) from renewable sources of energy. | 1. Country statistics 2. FAO and WFP surveys 3. Project reports 4. Government reports |
|--|--|--|
| 4. Public and private sector have improved their services in support of value-chain development | 1. Number of people advised on adding value to their agricultural/ fisheries products | 1. GDP numbers 2. FAO and WFP surveys 3. Project reports 4. Chamber of commerce and other private sector reports. |
| Specific objective 3: To support improved access to basic services for rural communities. | | |
| <u>Expected Results</u> | <u>Indicators</u> | <u>Means of verification</u> |
| 1. A system of community health workers (CHW) is created or sustainably maintained, enabling access to primary healthcare services, ensuring improvement of knowledge, attitude and practice of first level caretakers on primary healthcare topics, including by addressing issues such as the impact of qat consumption on household budgets, nutritional status and use of water resources. | 1 CHW's retention, supervision and referrals of patients, as well as access to primary health care and access to and drop-out of malnutrition treatment, using the newest National Demography and Health Survey (NDHS), conducted at the end of 2013, as a baseline. 2. National budget allocation to the health care system 3. Stunting prevalence in children under 5 4. Dietary diversity score 5. meal frequency in women and children | 1. NDHS 2. HMIS 3 Government budget |

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes occurring during the programming period.

Attachment 4. Indicative timetable for commitments (indicative allocations)

| | Indicative allocation (EUR million) | 2014 | 2015 |
|--|-------------------------------------|------|------|
| SECTOR – Strengthening Governance and the Rule of Law | 46.2 | 7 | 39.2 |
| SECTOR – Integrated Rural Development | 60 | 50 | 10 |
| Measures to support or accompany the programming, preparation or implementation of actions | 1.8 | | 1.8 |
| Total Commitments | 108 | 57 | 51 |