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I. Situation analysis

1. Ranked 133 out of 169 countries in the global *Human Development Report* 2010, Yemen is one of the poorest countries in the Arab region and faces multiple development challenges, which have been compounded by conflicts. The country's 3 per cent population growth rate is one of the highest in the world and outpaces its economic growth rate. Nearly half the population is below 15 years of age. Unemployment among the 15-24 age group is 52.9 per cent and 44.4 per cent among the 25-59 years group. About 41.8 per cent of Yemenis live below the national poverty line, and 84 per cent are dispersed over 133,000 small rural settlements, resulting in a higher proportion of rural poor. Yemen ranks lowest on the Global Gender Equality Index and according to Central Statistical Organization and World Food Programme (WFP) study about 31.5 per cent of the population lack food security. According to the second national Millennium Development Goals report (2010), Yemen is unlikely to achieve most of the Goals by 2015 due to chronic under-development, security problems and lack of financial resources. Changes in the security situation since January 2011 have reversed previous gains.

2. Chronic poverty and inequity are root causes and triggers for conflict, internal wars and insurgencies. These include: six rounds of war in the Sa'ada Governorate since 2004; a separatist movement in the southern governorates; and the active presence of Al-Qaida in the Arabian Peninsula. The security situation hinders the provision of humanitarian services as well as of development assistance to vulnerable groups, especially in remote areas.

3. Since January 2011 the prevailing crisis was compounded by mass demonstrations throughout the country. Clashes between pro- and anti-regime groups resulted in hundreds of deaths and thousands of injuries. An agreement about the transfer of power, brokered by the Gulf Cooperation Council (GCC) with United States and European Union (EU) backing, was tabled for signature by the President and the opposition parties in May 2011; however, it was not signed. The United Nations Secretary-General sent his Special Adviser on three missions to discuss the current situation with all relevant counterparts, and efforts for a political resolution are ongoing. The crises exacerbated the divide along tribal, military, political-party and militia lines and resulted in heavy exchange of gunfire and in further destruction, more internal displacement, shortages in basic commodities and fuel, and a steep rise in the cost of living. The continuing crisis has not only further weakened governance institutions; the Government has lost control of several areas.

4. Since the unification of Yemen in 1990, six multi-party elections at the presidential, parliamentary and local level have taken place. The 2006 presidential and local elections were observed by the EU Election Observation Mission and deemed "an openly contested electoral process". However, disagreement between the ruling party and the opposition over political and constitution reforms prior to the parliamentary elections of April 2009 led to their postponement to April 2011. But the political disagreement could not be resolved. Growing public discontent and unrest on similar issues in neighbouring countries also inspired the civil society in Yemen to add their voices and grievances, and this led to the further postponement of elections and to open conflict.

5. The economy is dominated by the oil sector, which accounts for 27 per cent of the gross domestic product (GDP) and 70 per cent of export revenues. The recent decline in oil revenues due to the depletion of oil reserves and ongoing disruptions at oil production facilities is causing severe fiscal difficulties. The budget deficit grew to about 10 per cent of GDP in 2009, and is expected to increase in 2011. Yemen also has the lowest level of official development assistance (ODA) per capita at \$12.70, or just 2.2 per cent of GDP, compared to \$33.40 per capita (18.7 per cent of GDP) for the other least developed countries in the world. Economic diversification

recently became a priority and efforts are ongoing to spur growth in the non-oil sectors, creating jobs in agriculture, fisheries, trade and manufacturing.

6. Environmental challenges are due to scarce resources, vulnerability to natural disasters and human-made crisis. Annual water availability is less than 130 cubic metres per capita. With water consumption projected at 2.5 times the replenishment capacity, water shortages as well as water mismanagement pose a serious risk to human security. Climate change will have an impact on food security, water, agriculture, environmental sustainability, fisheries, gender and public health, affecting the overall capacity of Yemen to achieve development and reduce poverty.

7. The Fourth Five-year Development Plan for Poverty Reduction (DPPR 2011-2015) - approved in February 2011 - recognized the crisis and the importance of job creation for the first time. The Plan identified four priorities: (i) stimulating economic growth and reducing unemployment; (ii) strengthening social protection; (iii) accelerating progress on the Millennium Development Goals (MDGs); and (iv) enhancing good governance. Secondary concerns include building partnerships for development, integration into the GCC, women's empowerment, improving infrastructure, increasing development (including local, balanced development), implementing a reform agenda, and results-based monitoring and evaluation (M&E). While the Plan remains relevant in tackling the root causes, a review may be needed to reflect the worsening of the macro-economic and fiscal status since March 2011.

8. Based on the priorities of the fourth DPPR and the United Nations common country assessment, the 2012-2015 United Nations Development Assistance Framework (UNDAF) was prepared taking into consideration the root causes of chronic development failures, conflicts, and humanitarian and political crises. Four priorities were identified: (i) inclusive and diversified economic growth with a social dividend; (ii) sustainable and equitable access to quality basic social services to accelerate progress on the MDGs; (iii) women and youth empowerment; and (iv) good governance and social cohesion. In line with UNDAF priorities, the main focus of UNDP will be on building national capacities both at national and local levels. Yemen will need urgent assistance to implement and consolidate a political transition if and when a political solution is reached. Any transition will need to involve effective and timely support to elections, constitutional reforms, inclusive reform processes and capacity building, as well as urgent economic revitalization that promotes inclusive and equitable growth, and support for social cohesion.

II. Past cooperation and lessons learned

9. South-South cooperation, capacity development and assistance with reforms have made significant contributions to development. A non-governmental organization (NGO) from India was invited to share knowledge with local media and civil society organizations (CSOs) on evidence-based advocacy and reporting on corruption. The Yemen Mine Action Programme, a centre of excellence supported by UNDP, hosted delegations from Iraq, Somalia, Sudan, Mauritania and Uganda which benefited from Yemen's experience. UNDP has provided technical assistance to the Supreme Committee for Elections and Referendums. Parliamentary, presidential and local elections contributed to participation and democratization.

10. Nevertheless, implementation challenges remain, including security threats and limited access to some parts of the country, insufficient institutional capacities at all levels, and slow decision-making processes. The UNDAF 2007-2011 midterm review indicated that, with the exception of humanitarian assistance, no interventions were targeted to mitigate protracted social conflicts. The review identified (a) climate change; (b) conflict-sensitive programming and (c) food security as emerging issues. It recommended the inclusion of initiatives for social conflict prevention and youth empowerment, as well as partnership with the business sector as a way of contributing to economic diversification and job creation. The results of

this review informed the elaboration of the present country programme document (CPD). The review also recommended alignment of the UNDAF to the national planning cycles. The United Nations country team agreed to make 2012 to 2015 the term of the new UNDAF so that subsequent cycles are fully aligned.

III. Proposed programme

A. Good governance and social cohesion

11. In the context of the transition that Yemen is going through, UNDP will, in the immediate term, promote an environment in which all stakeholders, in particular youths, can participate in and contribute to economic and democratic governance reforms at all levels. Further to this, UNDP will engage in transitional, transformational processes, such as elections and constitutional reform, including by providing technical support to the Supreme Commission for Elections and Referendum and to other democratic institutions, such as the parliament. Support will also be provided to transitional local governance institutions. UNDP will build capacity for participatory decision-making and pilot conflict-sensitive interventions aimed at strengthening social cohesion through dialogue at all levels, inclusive participation and equitable development. UNDP will lead and coordinate UNDAF outcome 7 to strengthen: government accountability, decentralization and local governance; access to justice and human rights. It will also lead and coordinate UNDAF outcome 8 to develop national capacities for evidence-based planning, implementation and monitoring of development results. UNDP will also provide support to enhance transparency and accountability and promote democratic values, and to strengthen processes promoting human rights and access to justice. The proposed programme will be flexible and responsive in adapting to new emerging circumstances and to the needs of the democratic transition processes, so as to promote peace dividends. In addition, support will be provided to the Ministry of Planning and International Cooperation (MoPIC), as well as to some line ministries so they can develop their capacities for gender and conflict-sensitive data collection and analysis, and for the coordination of development programmes. UNDP will also contribute through coordinating a broad development partner coalition in support of a coherent and focused response to the democratic and economic transition process and to support the strengthening of the aid coordination system.

B. Inclusive growth and poverty reduction

12. UNDP will provide technical assistance to support the development of inclusive and equitable policies and strategies for growth in the non-oil sectors – growth which that leads to the creation of job that pay decent wages. Adaption to impacts of climate change will be mainstreamed into the sectoral policies. In rural areas, UNDP will support food security initiatives, increase pilot interventions to improve productivity, and expand the income-generation base, with a special focus on women and youth. UNDP will also support the development of small and medium enterprises (SMEs), as well as a strong microfinance network in Yemen to improve access to credit by youths, the poor and marginalized groups, and to help spur small-scale economic activities. UNDP will lead and coordinate UNDAF outcome 1, focusing on inclusive and diversified economic growth with a particular focus on the rural poor. The organization will also support and participate in area-based interventions in selected geographic areas as selected by the United Nations country team. UNDP is also responsible for compiling the results and for reporting to the United Nations country team on all UNDAF outcomes on an annual basis.

C. Sustainable environment

13. UNDP will strengthen the resilience of local communities and build capacities for adaptation to climate change; support programmes on biodiversity conservation; and promote clean development. UNDP will lead and coordinate UNDAF outcome 2

on the sustainable management of natural resources and disaster risk reduction. In this work it will involve various Yemeni communities – in particular youths and women – in policy formulation. These policies will concern promoting livelihood initiatives and community-based management of natural resources including water-harvesting practices. Early recovery programmes will be implemented in disaster and war-affected areas and expanded to areas that suffered the most during the current turmoil. Support will be extended to demining programmes that will help Yemen to meet its obligations under the Ottawa Convention on Landmines.

D. Women and youth empowerment

14. UNDP will promote the empowerment of women and youth to engage in the expected economic and democratic governance reforms and facilitate their participation in the political transition process. UNDP will support UNDAF outcomes 5 and 6 to overcome gender barriers, collect disaggregated data and mainstream gender in all its programmes.

IV. Programme management, monitoring and evaluation

15. UNDP will take the lead in two of the UNDAF priority areas and pursue opportunities for joint programming and collaboration in the areas of: (i) employment creation in rural areas and strengthening of the small and medium enterprise sector with the International Fund for Agricultural Development (IFAD), International Labour Organization (ILO) and United Nations Industrial Development Organization (UNIDO); (ii) strengthening agriculture productivity through sustainable environment and management of natural resources with the United Nations Environment Programme (UNEP) and Food and Agriculture Organization (FAO); and (iii) strengthening local governance and decentralization with United Nations Capital Development Fund (UNCDF). UNDP will contribute to a joint programme on food security and malnutrition with the United Nations Children's Fund (UNICEF), WFP, the World Health Organization (WHO), UNFPA, FAO and the Office of the United Nations High Commissioner for Refugees (UNHCR). Fast-track procedures and a direct implementation (DIM) execution modality will be considered during the formulation of the Country Programme Action Plan (CPAP) and annual work plans (AWPs).

16. In the course of 2011, the country office has been re-organized to reflect the programmatic shift in the new CDP as well as to enhance office efficiency. A conflict prevention and recovery team has been created to manage the growing portfolio in this area, and a sustainable development and climate change unit has been established under the poverty & sustainable development team. Procurement capacity in the office has also been enhanced. The country office will also receive short-term assistance to boost its programmatic and operational capacity to address the new programmatic priorities emerging during any transition phase. However, only if adequate external resources are mobilized will it be possible to expand the activities necessary to support Yemen in its transition phase and in the implementation of this country programme document.

17. In line with the corporate guidelines on monitoring and evaluation, UNDP will undertake mandatory quarterly and annual reviews and reporting on a project basis. A midterm review of the CPAP will also be undertaken, both to review progress towards expected results and to respond to national priorities. Final project evaluations will be undertaken as required.

18. Given the fluid security and political situation in the country, a flexible approach to programming will be adopted to quickly adapt to the emerging needs.

Annex. UNDP results and resources framework for Yemen, 2012 – 2015

The total budget for the proposed programme is \$77.337,000, of which approximately \$24,070,000 will be financed through the regular budget and \$53,267,000 will be financed through non-core sources.

NATIONAL PRIORITY OR GOAL: Stimulating economic growth and reducing unemployment Country programme/ UNDAF outcome #1: By 2015, coherent policies and strategies that are gender friendly and climate-change resilient to diversify economy, increase employment, decent work and productivity in the rural areas; SME and non-oil (fisheries, agriculture, industry and tourism) sectors are developed and implemented. Outcome indicator: Number of sector strategies adopted, resourced and implemented. Related strategic plan focus areas: Poverty eradication and achievement of international agreed development goals, including the MDGs (MDG 1 & 8)					
Government partner contribution	Other partner contribution	UNDP contribution	Indicators(I), Baselines (B) and Target (T) for UNDP contribution	Indicative country programme outputs	Indicative resources by outcome (\$)
Increase Government investments and create conditions to encourage domestic and foreign private-sector investments in target sectors.	Social Fund for Development, universities, World Bank, IFAD, International Finance Corporation, German Agency for Technical Cooperation (GTZ), EU, Islamic Development Bank, Abu Dhabi Fund, Al-Amal Bank. Funding, technical and capacity-building support.	Support drafting and implementation of sector plans. Support job creation and strengthen microfinance institutions. Promote South-South cooperation. Support food-security initiatives.	I: # of gender-sensitive sector strategies and national frameworks adopted, resourced and implemented including pilot projects for youth. B=0; T=4 (fisheries, agriculture, tourism, trade)	(1) Sector strategies developed, funded and implemented. (2) Pilot projects to increase private investment, job creation especially for women and youth and productivity in two governorates. (3) SME creation promoted; capacities of microfinance institutions enhanced.	Regular: 5,070,000 Other: 15,050,000
NATIONAL PRIORITY OR GOAL: Local balanced development Country programme/ UNDAF outcome #2: Local authorities and communities effectively engaged in sustainable management of natural resources, biodiversity conservation, and adaptation to climate change and disaster risk reduction (DRR) by 2015. Outcome indicator: % of mine-polluted areas cleared; number of communities engaged in biodiversity conservation, climate change adaptation and DRR management. Related strategic plan focus areas: environment and sustainable development: natural resources management and climate change (MDG 7)					
Strengthen institutional and national capacities to monitor, adapt, respond and mitigate the effects of disasters and climate change, including early recovery; and address demining.	Ministry of Water and Environment, Environmental Protection Agency, World Bank, GTZ, Dutch Embassy, National Mine Action Committee. Funding and technical support of interventions on climate change, natural resources management, biodiversity and demining.	Support development of national capacities and strategies for sustainable resource management (including water resources management), early recovery, DRR and resilience to climate change.	I(1): # of districts with operational DRR mechanisms. B=0; T=6 I(2): mine-cleared land area B=420 km ² ; T=100% of mine-polluted areas I(3): # of climate change projects B=0; T=3	(1) Capacity of local institutions to plan and implement early recovery and DRR interventions strengthened. (2) Capacity of Yemen Mine Action Centre strengthened to conduct demining and ensure the fulfillment of Ottawa Convention. (3) Water harvesting practices. (4) Biodiversity plan finalized and clean development mechanism introduced.	Regular: 10,000,000 Other: 16,495,000



NATIONAL PRIORITY OR GOAL: Enhancing good governance Country programme / UNDAF outcome #5: Enabling environment enhanced for increased empowerment of women, participation and protection at family, community and higher level; UNDAF outcome #6: Engagement of young women and men in decision-making related to their own well-being enhanced (UNFPA, UNDP, UNICEF, UNAIDS, IFAD and UNHCR). Outcome indicator Percentage of active CSOs promoting women's rights, number of policies/programmes targeting young people. Related strategic plan focus areas: Gender equality and the empowerment of women; women's political and economic participation (MDG 3)				
Expand institutional mechanisms for youth and women's participation in the transition period and decision-making.	Yemeni Women's Union, Ministry of Interior, Women's National Committee, women's NGOs and a CSOs Support for safe houses to cope with gender-based violence and child abuse.	Develop national and institutional capacity (including CSO) for engagement in democratic reforms.	I: # of national policies/programmes targeting women and young people. B=0; T=2	Regular: 1,000,000 Other: 2,000,000
NATIONAL PRIORITY OR GOAL: Enhancing good governance and achieving balanced local development Country programme / UNDAF outcome # 7: By 2015, government is accountable at national and local levels, and decentralization, equitable access to justice, protection and promotion of human rights is strengthened; capacity to promote international humanitarian law is built. Outcome indicators: Responsive democratic governance (i.e., participation, equity, decision-making authority, transparency and accountability) extended at local level. Related strategic plan focus areas: democratic governance				
Process of national dialogue and governance reform established. Strengthen autonomy of judiciary service and improve the court system. Consolidate political stability and security; and increase opportunities for broad civic participation and dialogue.	Ministry of Justice, Ministry of Local Administration, Women National Committee, Ministry of Human Rights, Supreme National Authority for Combating Corruption, CSOs, Central Organization for Control and Auditing, Ministry of Interior, General Attorney's Office, Ministry of Education, Ministry of Endowment, donors and international NGOs and universities all contribute to promoting transparency and accountability.	Support government, and youth and women's participation in democratic processes and governance reform. Support conflict-sensitive governance at the national and local levels. Support equitable access to justice and social cohesion.	I(1) Plan for mainstreaming democratic governance mechanisms in local administration plans B - no existing plan; T - plan drafted and implemented I(2) # of local courts B=0 (only governorate level courts); T =mobile courts in 5 districts	Regular: 7,000,000 Other: 17,472,000
NATIONAL PRIORITY OR GOAL: Enhancing good governance Country programme / UNDAF outcome #8: National capacities for evidence-based planning, implementation and monitoring of development programmes strengthened at all levels by 2015. Outcome indicators: Central aid-coordination mechanism established and functioning Related strategic plan focus areas: Poverty eradication and achievement of international agreed development goals (MDG 1 & 8)				
Strengthen monitoring, implementation and analytical capacity. Improve cooperation,	Ministry of Local Administration, World Bank, Oxfam, GTZ Support M&E systems at	Lead a broad development partner coalition in support a coherent response to	I: Accuracy and reliability of aid-coordination mechanisms and sector-coordination groups B - weak; T - aid coordination	Regular: 1,000,000 Other:
			I: Accuracy and reliability of aid-coordination mechanisms and sector-coordination groups B - weak; T - aid coordination	Regular: 1,000,000 Other:

communication and coordination mechanisms with donors and development partners.	national and local government levels. Develop analytical capacity for economic reports.	the democratic and economic transition process. Develop capacity of MoPIC to plan, implement and monitor DPPR.	system established at MoPIC	established and donor alignment supported. (3) National reports for decision-making (MDG report, national human development report) supported.	2,250,000
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