



Yemen's Third Socio-economic Development Plan for Poverty Reduction (2006-10)

Executive Summary

Ministry of Planning and International Cooperation

Introduction

In its ‘Strategic Vision 2025’ the Government of Yemen aims to raise the country’s international status from ‘least developed’ country to that of ‘medium human development’ country. To fulfil this vision it has produced a series of national plans. The first in this sequence was the Second Five-Year Plan (SFYP) for 2001-05, which also provided a general framework for the national Poverty Reduction Strategy (PRS) for 2003-05. The second plan in this sequence is the Third Socio-economic Development Plan for Poverty Reduction (DPPR, 2006-10), which is summarized in this document.

Progress under the Second Five-Year Plan

The SFYP and the PRS aimed to achieve economic growth, alleviate poverty, and create more job opportunities, while ensuring political and social stability. They planned to achieve this through diversification and through strategic investments in promising sectors. These activities were also accompanied by a programme of decentralization which, following the first local council and governorate-level elections in April 2001, came into effect in 2002.

These national goals faced significant security challenges, many linked with international ‘terror’ wars, which inhibited private investment. This resulted in lower than expected economic growth, which in turn made it more difficult to allocate resources for the planned reforms. Nevertheless, there was still progress. Over the period 2000-05, annual real GDP growth averaged 4.1% and this, combined with a drop in population growth rates, from 3.5% to 3.0%, produced an increase in living standards.

Over the same period there was also a decline in general poverty, from 39% to 36%. However, in the rural areas poverty rates remained as high as 41% while urban poverty fell from 25% to 19%. Also, while the Government had aimed to reduce unemployment between 2000 and 2005 from 12% to 10%, in fact the rate rose to 17%

As a result of steadily declining oil production, the sector’s share dropped from 17% to 12% (in constant terms) – though oil export revenues increased as a result of sharp rises in world oil prices. Growth was also slower in goods and services. Agriculture, forestry and hunting, which had been targeted to grow at 6.1%, grew on average by only 3.6%. The highest growth was in the fisheries sector which grew by 22%. The performance of manufacturing, originally seen as the engine of economic restructuring, was also disappointing, growing at less than half of planned rates. Similarly, utilities grew slower than planned and most services performed poorly.

Over the same period, there was a significant increase in private and public spending. Compared to the targeted 10% this averaged 14%, due mainly to high public investment – public spending rose by 19% annually. The Government increased expenditure on health by 18%, on education by 15%, and on social protection by 9%. By 2000, as a share of GDP, health expenditure remained around 1.4%, while education was 6%.

But increased government spending was not matched by a commensurate growth in revenue which over the same period increased by only 14%. As proportion of GDP tax revenues remained at around 7%, falling short of the targeted 10%. Other capital

and loans revenues were uneven – YR 5 billion in 2000 and YR19 billion in 2004 – mirroring fluctuations in foreign aid. As a result, between 2000 and 2005, the budget moved from a surplus of 6.1% of GDP to a deficit of 2.3% – though this deficit is still within safe limits.

Savings have also been weak, declining from 27% of GDP in 2000 to 18% in 2005, thus widening the resource gap. As a result, while in 2000 savings were 38% higher than total investments, by 2005 they were 20% lower. Inflation rose by 12% on average, way above the 4.9% target, due mainly to big hikes in food prices. Despite the original plans for full liberalization of interest rates, the monetary authorities maintained a 13% interest rate on savings deposits.

Imports were 50% higher than expected due to increased imports of manufactured goods, machines and transportation equipment, while the share of food imports declined. Nevertheless the balance of payments remained quite healthy with the trade balance surplus averaging 7.3% of GDP. Foreign direct investments reached \$4 billion.

Over this period there was also an increase in debt. The Government had to use soft loans to finance several key infrastructure and human resource development projects as well as programmes for fiscal and administrative reform. Between 2000 and 2005, the number of contracted loans increased to 200, with a value of \$1.8 billion, and total debt increased from \$4.9 billion to \$5.2 billion, growing on average by 0.9% annually. By the end of 2005 the banking sector's net foreign assets reached \$6.5 billion, which was adequate for 19 months of imports. The exchange rate declined by about 15% against the US dollar.

Yemen's development challenges

Yemen is a 'least developed' country with a mix of chronic structural challenges. These include a rapidly growing and highly dispersed population, three-quarters of which is in the rural areas. Yemen is also one of the world's most water-scarce countries.

Rapid population growth and urbanization place increasing pressures on overstretched public utilities and social services, basic infrastructure, housing, natural resources and jobs. Unsurprisingly, at current rates of development, Yemen is making slow progress towards the Millennium Development Goals – indeed is likely to achieve only two by 2015: reducing the under-5 mortality rate and achieving universal primary education.

A high proportion of Yemenis are poor. One of the key challenges facing national poverty reduction efforts is the chronic shortage of resources, partly due to weak savings and limited foreign investment. And despite its poverty Yemen gets relatively little development assistance.

Exports and public revenues are highly dependent on the oil sector which has skewed the economy and has few links with the local private sector. Despite some improvements to the regulatory environment in recent years, and clear opportunities in promising sectors such as tourism, fisheries and light industries, local and foreign private investments remain limited. Many investors are discouraged by structural or regulatory weaknesses. But local business themselves generally have limited technical and administrative capacities – resulting in low productivity and poor-quality goods.

The banking system too is weak, and financial services are biased towards the commercial sector rather than supporting longer-term productive investments.

The system of governance also has its own deficiencies – across the executive, legislative, judiciary and security branches – including limited accountability and transparency, poor quality public services, and the corruption.

Pillars of the DPPR

To address these challenges the Government has produced the DPPR that has a number of aims: to achieve a steady improvement in economic growth; to reduce poverty and raise the quality of life; to promote good governance; to reduce regional and gender disparities; to enhance decentralization; and to broaden the participation of civil society. Other priorities are: reforming the economic structure; improving the investment climate; boosting the private sector; and integrating Yemen speedily into the global market through accession to the Gulf Cooperation Council and the World Trade Organization.

Macroeconomic policies and targets

The Plan aims at an ambitious rate of economic growth, averaging around 7.1% per annum – 10% for the non-oil sectors, which by 2010 would reduce the poverty rate to about 20%, thus helping Yemen to meet the food-poverty MDG. This is based on a number of key assumptions. These include: a continuing role for the oil sector; higher investment in some promising sectors; increased fixed capital formation, averaging 29% per year; an expansionary fiscal and monetary policy; a reduced population growth rate; increased flows of foreign assistance and investment totalling \$10 billion; and probable qualification for GCC accession.

Over the period of the Plan, private investment, local and foreign, is expected to reach 62% of total investment and national savings should rise to 21% of GDP. The most rapid growth is anticipated in the services sector, 12%, followed by industry, 8%, and agriculture, 5%.

Government budget and debt

The DPPR aims to raise public non-oil revenues to around 45% of total revenues and to increase investment spending to 30% of total public expenditure. This should be accompanied by a number of budgeting reforms: preparing medium-term fiscal frameworks; rationalizing all public funds; applying international standards of accounting and reporting; and training central and local authority public servants. Overall the aim is to maintain the deficit to below 3% of GDP.

Reforms are also anticipated for public expenditure. This will favour spending on infrastructure to enhance the investment climate while improving targeted basic social services. The aim is to reduce total public revenues and grants to 19% of GDP and reduce current expenditures to 64% of public expenditure and to end subsidies. By 2010, capital and investment expenditures should be around 10% of GDP while total public expenditure and net lending should be 29% of GDP. As for public debt, the DPPR aims to limit foreign borrowing to soft loans and development-oriented activities and keep foreign debt below 60% of GDP.

At the same time the priorities for monetary policy will be to: increase the quantity and quality of investment; maintain stability; keep annual inflation below 14% and the broad cash supply on average below 22%; and stabilize the value of the Rial.

Trade

There will also be further liberalization in foreign trade. It is envisaged that on average exports of non-oil products will grow by 20% a year and imports of goods and services by 15%. Net current transfers would grow by 8% and foreign aid and loans would rise to \$10.2 billion. There should also be an improvement in the balance of payments, with the most positive results expected in the capital account. Current account deficits are expected to rise to 8%. Between 2006 and 2010, total local credit should rise from YR 202 billion to YR 515 billion.

Promoting economic dynamism creating jobs will require a series of key reforms. The Government will need to reduce the number of investment procedures and integrate them into a 'one-stop shop' facility with the requisite manuals and automated on-line services. In addition, it will need to rationalize tax and customs clearance procedures and decentralize private-sector-related government services to the appropriate regional levels. The Plan also envisages support to business development services, with improvement to the legal framework, accompanied by the requisite training, while also developing mechanisms to control smuggling and fraud.

Promoting good governance

The Government embarked on comprehensive governance reforms in 1995 with the Economic, Financial and Administrative Reform Programme, and continued its efforts through the SFYP and the PRS. However, despite some progress, results so far can be described as 'mixed'.

Justice system

Although in principle protected by constitutional guarantees the judiciary remains vulnerable to interference. And despite developments in recent years the number of courts and staff and their capacities remain inadequate. Combating corruption and creating an investment-friendly environment will in particular require attention to land disputes.

The DPPR addresses in the justice system these issues and aims to accomplish 70% of outstanding modernization plans, increase the percentage of completed cases to 80%, and raise the number of graduates from the Higher Judicial Institute. Strategies include: establishing a Council for Judges' Affairs within the framework of the Higher Judicial Council; amending the Judicial Authority Law; and merging various inspection commissions.

Security services

The security sector is generally unresponsive to citizens' complaints, remains subject to unprofessional practices and procedural delays, and fails to cooperate sufficiently with judicial bodies. It also lacks modern equipment. The DPPR aims to cut all crime by 5% and accomplish 95% of the Security Deployment Plan. In addition, it envisages the signing of ten new bilateral security agreements and employing 2,067 women

across various security sub-sectors. The strategy includes: modernizing the structure and improving the capacities of the Interior Ministry and its agencies; enhancing cooperation with CSOs, and developing security-related educational and training institutions.

The civil service

The Civil Service Modernization Strategy maintained the rate of new employment at 1.5% per year, so that by 2005 there were 471,461 state employees. In addition, the Government has introduced ‘functional fingerprinting’ and identified 4,520 cases of ‘double dipping’. It has also completed the Government Services Manual, imposed targets on planned retirement, and in 2005 introduced the four-phase National Strategy for Wages and Salaries. Nevertheless the reform process continues to be hampered by limited capacities, weak systems for data and information, and poor coordination between agencies. To address these issues the DPPR will expedite the reforms – employing 64,150 new public servants; retiring 28,197 eligible staff; referring 15,000 surplus staff to the Civil Service Fund; and removing 60,000 ‘double dippers’.

Corruption

According to Transparency International, Yemen’s ‘corruption index’ is 2.7, making it 106th out of 159 countries measured. To address corruption and other issues the Central Organization for Control and Audit (COCA) has over the past four years produced the necessary operations and audit guidelines at central and provincial levels, trained over 900 public servants and handled more than 730 cases.

The DPPR aims for: a 95% rate of implementation in the control and audit of public funds and assets; a 5% annual reduction in the incidence of corruption; and, in line with GCC standards, an average score of 4 points on the Transparency International index. For these purposes, the Government will expand the COCA’s remit and establish an independent non-governmental agency to establish the criteria for transparency and control and to evaluate anti-corruption measures.

Human rights

Yemen is a signatory to a host of key international human rights conventions. The Ministry of Human Rights monitors and reports on compliance with these instruments, and does so in collaboration with a number of civil society organizations (CSOs). The DPPR seeks to enhance human rights in all areas. This will include: improving the conditions of all detainees; combating child-trafficking; and enhancing the roles of civil society and international agencies in such areas as monitoring and shadow reporting.

Electoral system

Yemen’s Strategic Vision 2025 aspires to entrench and promote democratic practices – in particular by normalizing competitive polls for peaceful rotations of power. As part of this vision, and in tandem with the national decentralization strategy, the DPPR aims to ensure that general, presidential, local and parliamentary elections are

held in regular and timely fashions and that a minimum of 10% of local and parliamentary seats are designated for women.

To this end, the Government will finalize the institutional structure of the Supreme Committee for Elections and Referenda, ensuring appropriate representation for women. It will also need to update the boundaries of constituencies and carry out programmes of public awareness on democratic concepts and citizens' participation, while enhancing the capacity of local authorities. All of this should include a monitoring role for CSOs.

Developing productive & promising sectors

If Yemen is to achieve its long-term development goals it will need a more diverse and faster-growing economy, taking advantage of such promising sectors as manufacturing, mining, fisheries, tourism and agriculture with an export-oriented approach directed toward the GCC markets and beyond.

Agriculture

Agriculture is the main source of income, direct or indirect, for 74% of the population; it accounts for 21% of GDP and 57% of non-oil exports. In 2005, Yemen's farmers were cultivating around 80% of all arable land – 2.5% of the country's total area. But their farm sizes are small, around 1 hectare per holding, and most use outdated production methods. This has hampered growth during the period of the SFYP, which averaged only 3%.

One of the greatest obstacles is the shortage of water. Yemen is one of the world's driest countries and farmers, who use around 91% of total water supplies, have to rely on irregular rainfall and are thus vulnerable to recurrent droughts. There have however, been significant efforts to make better use of water: between 1990 and 2004, the number of dams and dikes increased from 16 to 264, reservoirs and caravans from 13 to 335, and irrigation canals from 0 to 76.

The main crops are cereals (61%), fruits and vegetables (13%), qat and animal feed (10% each), and cash crops (6%). Farmers also raise livestock which accounts for 20% of agricultural production. Around 17 million sheep, goats, cows and camels graze over 23 million hectares of pastureland – 40% of the country's total land area. Here too, however, with the exception of poultry, productivity is low and farmers use traditional methods that have caused soil erosion and degraded the land.

The DPPR aims to boost agricultural output, with an average annual growth rate of 4.5%. In particular this will require more efficient use of water, with more dams and dikes and greater use of modern water-harvesting and irrigation techniques, along with a more rational and regulated use of fertilizers and pesticides. Efforts will also be concentrated on increasing the output of fruits and cash crops for export, supported by the necessary research activities and strategic production and marketing methods, including the expansion of greenhouses. The Government intends to address the qat phenomenon in an objective, informed and gradual fashion, while striking a balance between its economic, social, health and environmental aspects. Livestock too will also receive attention, with improvements to local animal breeding and veterinary services.

Fisheries

Fish make a valuable contribution to food security and are also a major source of income for 400,000 fishers and others. During the SFYP, exports increased fourfold and six-fold by value, and by 2005 constituted 13% of non-oil exports. This is one of the most promising sectors, with diverse investment opportunities in fishing, processing and exporting. The DPPR targets an annual fisheries production rise of 7% and in fish exports by 9%. By 2010, production should reach 2.2% of GDP. To these ends, it envisages revising the regulatory framework and improving the sector's knowledge base – as well as constructing new fishing ports and services that will be managed by fishery cooperatives. It will also be necessary to upgrade road networks to ports as well as the related market infrastructure and processing capacities.

Oil

In 2005, the sector comprised 12% of GDP in nominal terms and 93% of exports. Lower production at existing fields was compensated for by higher crude oil prices, coupled with extensive explorations and investments in new extraction projects. The Government aims to limit the rate of decline in production to 4.5%, and to identify and exploit new reserves. It will also increase total refining capacity to 320,000 barrels a day, covering all local market needs. This will involve constructing two new refineries and increasing production at the Marib refinery to 25,000 barrels a day.

Exploration will be expanded throughout the country – and offshore – and the Government will support local private sector companies to engage in all aspects of the industry and ensure linkages with manufacturing industry. It will also develop distribution systems and build new storage facilities, while improving pricing mechanisms and increasing local know-how in regulation and controls.

Gas

Yemen's gas sector has considerable potential, with unexploited reserves of natural gas estimated at 16 trillion cubic feet. Currently, only 5% of gas produced from crude oil reserves is distributed for domestic use. In early 2005, the Government signed agreements to export around 7 million tonnes of liquefied natural gas (LNG) per year. The DPPR aims to maintain liquefied petroleum gas production at 655,000 metric tonnes, and to reach an initial annual export target of 6.3 million tonnes of LNG by 2009. The Government will invite foreign companies to expand their exploration and excavation activities, and encourage local investors to consolidate the sector's linkages with local services, marketing and manufacturing capacities.

Quarrying and mining

Yemen's quarrying and mining sector contributes only 0.6% of GDP, and average annual growth during the SFYP was 6%. Progress in this sector is hindered by poor infrastructure, the remoteness of the mines, the small size of the local market, and lack of feasibility studies. By completing the necessary reforms and developing related capacity, the DPPR aims to achieve an average value-added growth rate of 8% a year. It also envisages intensifying excavation activities while also improving the utilization of minerals for industrial purposes and enhancing quality control and mechanisms for environmental safety.

Manufacturing

The manufacturing sector, 91% of which consists of small enterprises, has a total workforce of 119,978. But its performance has been poor: over 2000-05 average growth was only 5%. The sector suffers from narrow scope, structural weaknesses, and the limited availability of locally produced and affordable raw materials – as well as tough competition from imported, and particularly smuggled, goods.

The DPPR aims to achieve growth of 8% a year, raise the sector's GDP share to 7% by 2010, and increase the share of manufactures in total commodity exports to 10%. The Government will restructure the Ministry of Industry and Trade and revamp the sector's legislative framework to encourage competition, prevent monopolies and develop market mechanisms. It will also improve business-development support services, rationalize registration and licensing procedures, and establish effective partnerships with the private sector. National standards for metrology and quality management will be enhanced to match GCC and international specifications.

Trade

Over the SFYP, the trade balance averaged around 7% of GDP with exports growing at an average of 16% against an import rise of 15%. This trade growth has been achieved by improving the trade regime and basic infrastructure, implementing bilateral trade agreements, and enhancing cooperation with Arab countries. The largest non-oil trading partners are the Arab states (41%), Asia (24%) and Europe (15%). Most of Yemen's oil exports are destined for Asia, while the largest markets for non-oil exports are the Arab states and the Horn of Africa.

The main weakness in the trade sector is its over-reliance on oil exports (89% of the total) and increasing reliance on foreign imports of machinery, transportation equipment and consumer goods. 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 regional and global economies – through accession to the WTO and fulfilling all requirements of the Greater Arab Free Trade Zone and the GCC.

One priority is to develop the Aden Free Zone (AFZ). Its strategic location offers considerable economic potential. The Government aims to raise the AFZ's handling capacity to 1.5 million containers a year, and to construct the requisite facilities for cargo and air freight, with zones designated for heavy industry and petrochemicals.

The domestic trade sector grew rapidly, from 9% to 14% of GDP over the period 2000-05 and now accounts for 12% of total employment. Nevertheless it suffers from weak infrastructure and marketing, as well as poor mechanisms for control and supervision. In addition, most of the activity is in the informal sector. The DPPR seeks to encourage greater integration and linkages among various formal and informal sectors of the economy, and by the year 2010 aims to increase the domestic trade sector's share of GDP to 16%. To this end, it will upgrade the legislative framework, particularly in the areas of competition, price declaration and consumer protection. It will also promote consumer associations and encourage the private sector to develop specialized marketing companies and infrastructure.

Tourism

Yemen has natural, climatic, topographic and cultural diversity, coupled with its ancient civilization, rich heritage and outstanding architecture. Most tourists come from other Arab countries, North America and Europe. Over the SFYP their numbers rose by 38% a year. Future progress is hampered, however, by inadequate air, sea and land infrastructure and services, and weak information and marketing systems – as well as by security issues, particularly the kidnapping of foreign tourists.

The DPPR aims to raise the number of international tourists, hotel rooms and job opportunities by 12% a year, and by 2010 to raise the sector's share of GDP to 7%. It will try to achieve this by improving the marketing of tourist areas and restructuring related institutions – as well as enhancing the capacities of relevant governmental and private-sector bodies and diversifying their products.

Water, environment and basic infrastructure

Water and sanitation

At current use rates, most aquifers are expected to run dry within 15-50 years. Coverage of water services in 2004 was 60% in the urban areas and 7% in rural areas. The situation for sanitation is even worse: urban coverage is only 37% and in rural areas only 0.7%. Most water is still used by agriculture but the DPPR 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 Government aims over the Plan period to provide safe water supplies for about 71% of urban and 47% of rural populations. Similarly, sanitation services will be extended to 52% of urban and 37% of rural residents by the year 2010. Furthermore, by 2010 water loss in the distribution networks will be cut to 15%, and wastewater treatment will be increased twofold.

To meet these targets, the Government will restructure the Ministry of Water and Environment and its affiliated agencies and back it with new legal instruments to rationalize task management and the division of labour. It will also be important to modernize systems for the management and use of water resources, introduce cost-recovery initiatives and involve local communities directly.

Environment

The environment sector suffers from inadequate coordination, significant administrative overlaps, low levels of awareness, and insufficient data and financial resources. The DPPR aims to preserve a minimum of 90% of natural systems. The national strategy includes raising awareness, rationalizing the legislative and regulatory framework, and enhancing the capacity of both central and local institutions to carry out their tasks for planning, follow-up and environmental assessment.

Electricity

This crucial sector is largely under-developed. Total capacity is 1,040 megawatts, but despite recent efforts, only 42% of the population are covered by the national grid –

and in the rural areas, only 15%. The power generation and distribution system is poorly maintained and power leakages are estimated at 30%. The Public Electricity Corporation faces institutional, technical and financial problems, and there has been little investment from the private sector.

The Government aims to extend electricity coverage to 53% of the population; enhance privatization and decentralisation in production; and by 2010 to have reduced leakage to 20%. To this end, it will restructure and modernize electricity-sector institutions, giving them greater autonomy to manage their finances on a commercial basis. It also aims to develop new or renewable sources of energy, including solar-power pilot projects for remote areas.

Transportation

The national road network is poorly maintained and remains significantly below regional standards. Air and seaports too need upgrading. The Government's transportation vision is to realize a network of land transportation, air cargo and sea freight that enhances the mobility of people and goods, facilitates public access to basic social services – and promotes market integration and economic growth within Yemen and beyond.

The Government's 'Programme for the Development of Rural Roads' is hampered by Yemen's rough and uneven terrain, coupled with its demographic dispersion. Nevertheless the programme aims by 2010 to have increased total asphalt roads to 19,107 km., and gravel-paved roads to 13,412 km.. It will also carry out maintenance works on close to 10,000 km. of roads, funded through a 5% levy on gasoline and diesel sales, road tolls or taxes. At the same time it will modernize the Public Corporation for Roads and Bridges, as well as the regime for road safety.

Most land transport services for passengers and goods are provided by the private sector – facilitated by the 2003 Transport Law, which helped increase the number of companies involved in domestic and international transportation. Over the DPPR period the Government envisages an 8% annual average rise in the number of passengers and a 5% increase in bus trips. It also intends to improve road safety, and reduce tariffs, while decentralizing or outsourcing the sector's public institutions.

Yemen sea ports and marine transport system have great potential for development. The country has a strategic location and six commercial ports along over 2,000 kilometres of navigable shores in a commercially vibrant region. The DPPR aims to take advantage of this by increasing the number of commercial ports to nine – handling 8.5 million tons of dry goods sea freight, 16 million tons of oil and 1.7 million containers. Its strategy includes: upgrading the regulatory framework in accordance with international standards; modernizing related agencies; privatization; acceding to international maritime agreements; and enforcing security measures.

Yemen's international airports, particularly in Sana'a and Aden, are undersized and remain below international standards. There are five international and four local civilian airports. In addition the fleet is limited and there is little participation from the local private sector. The DPPR aims to improve operational efficiency and achieve a 5% annual growth in international flights together with a 5% rise in domestic passengers. It also aims to increase volumes of international and domestic air cargo

and establish nine meteorological centres. The DPPR also includes restructuring, expanding and modernizing the national carrier, Yemenia Airways, with support from the private sector.

Information and communications technology

Yemen's information and communications technology sector has enjoyed strong private sector investment. Most major, and some smaller, cities, along with many villages, are currently serviced by a modern telecoms network and there is a rapidly spreading network of cellular phones. The DPPR aims to increase fixed-line telephone exchanges to 1.5 million lines; to reach a phone density of 54 lines per thousand people; and to double the number of cellular phones. This will involve focusing more on rural areas, by installing systems for fixed wireless phones and digital transmission, as well as by adjusting tariffs to more affordable levels.

Postal Services

Yemen's postal sector remains poorly developed. On average each post office services 104,000 persons with large regional disparities. The DPPR is aiming for one post office or kiosk per 31,000 citizens, along with annual increases in international and domestic postal services of 1% and 47% respectively. To this end, the Government will establish new premises in urban and rural areas, and raise efficiency to international standards. It will, however, also need to improve security arrangements, marketing and pricing mechanisms.

Human resource development

The 2004 Census estimated the population at 19.7 million and concluded that the annual growth rate had fallen to 3.0% as a result of a small decline in overall fertility. The Census also showed significant changes to the age composition. The overall objective of the DPPR, in line with the National Population Strategy (2001-20), is to reduce the annual population growth rate to 2.75% by 2010.

Labour force and employment

Between 1999 and 2004, the labour force increased from about 3.5 million, to almost 4.2 million. Over the same period, employment also rose on average by 2.8% per annum, while the unemployment rate rose from 12% to 17%. Women's participation in the labour force is quite small.

According to the 2004 Census, employment was distributed as follows: agriculture 31%; education, health, public administration and defence 23%; and the trade, restaurants and hotel sectors 21%. In the period up to 2010, the DPPR aims to reduce the growth rate of the working-age population to 2.8%; increase job growth to 4.1% a year; reduce unemployment to 12%; and increase the share of female labour to 15% of the total.

Education

Education standards are quite low. The 2004 Census indicated an illiteracy rate of 46% among the 10+ age group – 30% for males and 62% for females – a consequence of low school attendance and high drop-out, especially among females.

In 2005 there were 244 kindergartens (178 in the private sector) and 14,617 primary schools (260 in the private sector) with a capacity of 4.4 million pupils. Enrolment rates for the 6-14 age group were 73% for males and 54% for females, though there were significant rural-urban disparities. At the secondary level, enrolment in 2005 was 41% and gender disparities had been falling. At this level too, the number of classrooms increased though dropout rates remained high.

The DPPR aims by 2010 to increase the combined primary and secondary enrolment rate for the 6-14 age group to 78%, and for the 15-17 age group to 51% while reducing rural-urban disparities. The Government also intends to reform public education institutions and improve their facilities and curricula – while at the same time encouraging private investment. Other policies include increasing the number of female school teachers in the rural areas and offering the requisite residential facilities, as well as exempting poorer students, particularly girls, from school fees and providing them with schooling necessities. The school nutrition projects will also be expanded. Between 2000 and 2005, enrolments in literacy and adult education programmes rose almost threefold. The DPPR aims to reduce illiteracy by 20% among the 10+ age group; and to provide basic training for women.

Technical education

There has also been some progress in technical education. During the period 2000-05 the number of technical education and vocational training centres increased from 26 to 55, and enrolment more than trebled, with female enrolment increasing to 11% of the total. However this sector still suffers from low institutional capacities, outdated curricula, poorly qualified teachers, and inadequate linkages with the private sector.

The DPPR aims to expand the number of centres to 145 and increase the enrolment rate to 7% of total enrolment in secondary education. The strategy for achieving these goals includes enhancing the sector's institutional and regulatory capacities and its responsiveness to the training requirements of the market. The Government intends to meet the needs of the rural population and women, launch the Technical and Vocational Training Fund with diversified funding sources, and to encourage beneficiaries to pay part of the costs.

Higher education

In 2005 the higher education sector included 7 public universities with 87 faculties in addition to 58 faculties in 11 private universities. The Government adopted an admission policy that helped to reduce overcrowding by 16% – though only 16% of new students joined scientific and applied courses and there were further declines in female enrolments, to 5% of the total. However, there were notable growth in the numbers of research centres and female students in state universities.

The DPPR aims by 2010 to increase total enrolment for the 19-24 age group to 10%, with a female share of 20%, while also increasing the share of science-related enrolments to 20%. But if it is to achieve these targets the Government will need to carry out widespread institutional reforms, diversify sources of funding, and improve the performance of higher education councils. It must also enhance diversity and management capacities, and upgrade tertiary education to respond dynamically to the needs of local and regional markets.

Health

During the SFYP period there was a noticeable expansion of health facilities – the number of hospitals increased by 47%, health units by 50%, and maternity and childhood centres by 90%. In addition the Government built 30 more health centres. This helped deliver a higher standard of services: by 2005, immunization coverage against the six major childhood diseases had reached 80%, the number of malaria cases had been reduced, and Yemen was closer to the international goal of controlling TB.

Nevertheless services remain inadequate. Only 58% of the population have access, and there are significant regional disparities. The DPPR aims to expand basic health coverage to 67% of the population, raise life expectancy at birth to 68 years, reduce infant mortality to 65, and under-five mortality to 87 deaths per 1,000 live births. To achieve these goals the Government will carry out a series of structural reforms and modernize the sector starting with the Ministry of Public Health and Population. It will also aim to improve management and planning capacities at the local and central levels and establish systems of evaluation, while also improving recruitment practices and redeploying staff. It also intends to involve local communities and CSOs in improving health and monitoring medical facilities.

Government services

Youth and sports

During the SFYP the Youth and Sports sector saw improvements, with an increase in sports clubs and associations. The DPPR aims to increase the number of cultural centres, youth hostels and sports training centres – with the requisite regulatory framework, institutional structure and innovative financing mechanisms. It also envisages introducing physical education in school and university curricula, with special initiatives for girls.

Culture

In recent years there has been a revival in cultural development. In 2004, for example, Sana'a was named 'the Arab Culture Capital' and there was International Yemeni Antiquities Fair initiative. There has also been greater protection for national cultural and heritage monuments and artefacts. The DPPR is aiming for an annual 5% growth in cultural events, and plans the printing of 400 heritage books, as well as verifying and printing 100 manuscripts of distinguished Yemeni scholars.

Media

Recent years have seen full-country coverage by the Yemeni Satellite Channel as well as expansions in terrestrial TV transmissions, newspapers, radio broadcasts and magazines. However, much of the equipment is inadequate and institutions lack professionalism. The DPPR aims to expand media coverage further on all fronts and to improve the quality of products.

Religious endowments

The independent Ministry of Awqaf manages religious endowments. It has expanded and diversified its activities by building housing, commercial complexes and markets in various areas – as well as by providing land for charity and investment projects through long-term leases. DPPR envisages the construction of 300 mosques; the establishment of 800 schools; and a doubling of investment projects to benefit the poor.

Statistics

Recent years have seen improvements in the regulation, dissemination and publication of data. The Central Statistical Organisation (CSO) launched the Centre for Statistical Training, and has conducted several key surveys, including the 2004 General Census on Population, Housing and Facilities. Nevertheless, data are sometimes inconsistent and inaccurate and indicators at all levels can be poorly documented. For the period 2006-10, the Government has planned several key surveys and projects. But if these are to be successful it will be important to standardize systems and to restructure the sector at central and provincial levels.

Information systems

The National Information System is still at its early development stages though by 2005 the number of Information Units had more than doubled. A number of bodies have implemented basic information systems – including the Civil Service System, the financial analysis system for loan management, the Accounting System, and the ASYCUDA (customs) system. The DPPR aims to develop information systems for 22 information sub-sectors, and establish 30 information network systems within the framework of the National Information Network.

Yemen also suffers from severe deficiencies in documentation and archiving. The National Documentation Centre (NDC) is in charge of managing documents, protecting heritage and promoting scientific research but it lacks the requisite infrastructure and expertise. Among other targets, the DPPR aims to accomplish 70% of document organization in 48 government bodies where the NDC has finished the first two stages of a survey, and upload 50% of manual indices and records.

Social safety net, social protection and social security

Yemen's Social Safety Net (SSN) was originally established to offset the negative impact of adjustment programmes on vulnerable groups. It offered direct cash assistance and microfinance services, while building physical and social infrastructure in poorer regions and creating job opportunities. The SSN's institutional mechanisms include the Social Fund for Development (SFD), the Public Works Project (PWP), the Agricultural Production and Fisheries Promotion Fund (APFPF), the Social Welfare Fund (SWF), the Small Enterprise Development Fund (SDFF) and the National Programme for Development of Society and Productive Households (NPDSPH). Around 25% to 50% of the programmes are targeted at women.

Over the period 2001-2005, SFD projects totalling \$344 million benefited around 7 million people, while the PWP carried out 1,270 projects worth \$87 million and creating 5 million jobs. The APFPF implemented 1,096 projects at a total cost of YR

30 billion in the agriculture, water resources and fisheries sectors. In 2005, the SWF offered cash assistance to 603,000 of the most vulnerable people.

The DPPR aims to implement about 7,710 projects by the SFD and 1,900 projects by the PWP. The APFPF in turn will implement projects and programmes at a total cost of YR 36 billion while the SWF will increase its caseload to one million beneficiaries.

The Government's social protection system assists people with special needs, the elderly, juvenile delinquents, children, orphans and communities affected by landmines. But the system is under severe strain. Social welfare centres, homes and relevant NGOs lack adequate technical capacity, information and financial resources, and cannot keep pace with growing demands. And children's needs cannot be met because of the shortage of special education teachers. The DPPR aims to raise the number of beneficiaries of various services by 5% to 13% a year, and the number of NGOs and Co-ops by 10% a year. The Government will expand de-mining operations to include 592 communities in 14 strongly-affected governorates.

Women's empowerment

The situation of women improved to some extent during the period of the SFYP, but much remains to be done. The DPPR aims to tackle a complex web of economic, social, cultural and legal obstacles to women's empowerment. Key among these are high illiteracy rates and traditional family attitudes toward women – with respect to their freedom of movement and their participation in the public domain. Moreover, women have limited access to land, productive assets, recruitment and promotion. In addition, some legal provisions are deficient and women find themselves subjected to violence and deprivation. Many public officials and enforcement authorities also have little awareness of gender issues.

In the economic sphere, the DPPR aims to increase women's employment in both private and public sectors. This will involve increasing access to financial services, carrying out targeted productive-sector projects and revising recruitment regulations, along with training and awareness-raising.

In the political and legal spheres, the aim is to increase women's participation in local and parliamentary elections, both as candidates and voters, and in several sectors to assign senior-level posts for women.