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**REVIEW OF PROGRESS MADE BY YEMEN IN THE PERIOD 2001-2005
IN IMPLEMENTING THE PROGRAMME OF ACTION FOR
THE LEAST DEVELOPED COUNTRIES
FOR THE DECADE 2001-2010**

Summary

Since 1990, Yemen has made strenuous efforts to achieve economic and social development, which have produced good results, given the limited financial and human resources available. This report sheds light on the most important initiatives that have been taken by that country and evaluates the principal developments that have taken place with respect to implementation of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, which was adopted by the Third United Nations Conference on the Least Developed Countries on 20 May 2001. Albeit the economic situation gradually improved since 1991, it began to deteriorate again between 2001 and 2004: the growth rate, which in 2001 was 5 per cent, fell to some 4 per cent in 2004. The growth rate needed for the Programme of Action for the Least Developed Countries is 7 per cent. Furthermore, between 2001 and 2004, the exchange rate of the Yemeni rial continued to fall, thereby increasing levels of inflation. Nevertheless, Yemen was able to achieve many of the goals identified in the Programme of Action, including the reduction of child mortality rates and higher levels of enrolment in basic and secondary education, while infrastructure was perceptibly improved.

This report is submitted to the Commission at its twenty-fourth session under item 9 of the provisional agenda.

CONTENTS

	<i>Paragraph</i>	<i>Page</i>
Introduction	1-2	3
<i>Chapter</i>		
I. ECONOMIC AND SOCIAL DEVELOPMENTS IN YEMEN.....	3-7	3
II. THE MOST IMPORTANT DEVELOPMENT POLICIES ADOPTED IN YEMEN	8-15	6
A. Commitment 1: Fostering a people-centred policy framework.....	9	6
B. Commitment 2: Good governance at national and international levels.....	10	6
C. Commitment 3: Building human and institutional capacities	11	7
D. Commitment 4: Building productive capacities to make globalization work for LDCs.....	12	8
E. Commitment 5: Enhancing the role of trade in development.....	13	8
F. Commitment 6: Reducing vulnerability and protecting the environment	14	8
G. Commitment 7: Mobilizing financial resources	15	9
III. REGIONAL AND INTERNATIONAL ASSISTANCE PROVIDED TO YEMEN	16-19	9
IV. ASSISTANCE IN SUPPORT OF DEVELOPMENT EFFORTS PROVIDED TO YEMEN BY ESCWA	20-31	10
A. Technical assistance.....	21-28	10
B. Related projects and activities	29-31	12
V. CONCLUSION AND RECOMMENDATIONS.....	32-42	13
A. Conclusion	32-41	13
B. Recommendations	42	13

Introduction

1. Further to the efforts exerted by the Economic and Social Commission for Western Asia (ESCWA) with a view to following up and evaluating the progress which has been made by member countries towards achieving the general goals identified by the Programme of Action for the Least Developed Countries for the Decade 2001-2010, an evaluation is being published of all the policies and measures taken by Yemen in order to achieve those goals. The relevant economic and social outcomes are being monitored by means of a study and analysis of the most important overall and sectoral social and economic indicators, thereby making it possible to appreciate the extent to which those policies and measures have been successful in various economic, social, structural and political fields within the country and the extent to which they are effective in achieving the medium- and long-term goals of the Programme of Action; and to identify the obstacles, difficulties and deficiencies that might prevent the policies and measures that have been taken from achieving their aims. ESCWA is proposing approaches that could assist in overcoming such obstacles and difficulties, thereby helping Yemen to review and evaluate the policies that it has pursued at that level and deal with those obstacles and difficulties.

2. Yemen, which is one of the Least Developed Countries (LDCs), took the general goals of the Programme of Action into consideration when formulating and implementing its economic and social programmes. Because Yemen is the only LDC in the ESCWA region, the Commission is giving priority to developments in that country, which are being considered in a detailed study that may help Yemen to determine its requirements for the development process and permit all its development partners and, in particular, donors, to gain an overview of the situations prevailing in LDCs and the efforts that those countries are exerting with a view to addressing those situations, in addition to the conditions and requirements that are necessary for success. Those concerned will therefore have a complete overview of the needs of LDCs and the type of interventions that must be made if those countries are to achieve Programme goals.

I. ECONOMIC AND SOCIAL DEVELOPMENTS IN YEMEN

3. Between 1991 and 2004, the Yemeni economy achieved annual levels of growth of 5.1 per cent, which may be considered excellent in the light of population growth, which was 3.6 per cent in the same period. As a result, per capita share of gross domestic product (GDP) grew at an annual rate of 1.5 per cent. Furthermore, GDP growth in Yemen was higher than the average in all other LDCs, where it stood at 3.6 per cent. However, the growth registered by Yemen remained lower than that required for sustainable development, if the relatively low level of GDP in the base year is taken into account: higher levels of growth are necessary. To that should be added the fact that prices continue to increase, there is a problem with corruption, levels of illiteracy are on the increase, and water is scarce. If the spotlight is placed on the period from 2001 to 2004, it may be seen that GDP growth fell from 5 per cent in 2001 to some 4 per cent in 2004, which is lower than the 7 per cent growth required by the Programme of Action, and less than the annual rate of growth achieved by LDCs as a whole, which remained stable at some 5 per cent (see table 1). Furthermore, between 2001 and 2004, the exchange rate of the Yemeni rial continued to fall, thereby increasing levels of inflation.

4. It may be noted that in 1991, real GDP growth was 2 per cent, rising to 4.4 and 5 per cent in 2000 and 2001 respectively before falling to 3.5 per cent in 2002, 3.8 per cent in 2003 and 3.9 per cent in 2004. That economic deterioration may be explained by the fall in oil reserves and, consequently, in oil production. Oil and gas production grew by a mere 0.5 per cent in 2002, then fell by an average 2 per cent in 2003. It fell again by 5 per cent in 2004, representing a sharp fall of 11.6 per cent from 2000 levels. That fall could have had a much more harmful effect if oil prices had not risen in the past two years. With respect to per capita share of real GDP, table 1 shows that Yemen has achieved higher levels of growth than all the other LDCs. However, inflation in consumer prices, which reached an annual average of some 22 per cent between 1991 and 2004, has reduced purchasing power and standards of living in Yemen.

TABLE 1. LEVELS OF REAL GDP GROWTH; PER CAPITA SHARE OF GDP; TOTAL FIXED ACCUMULATED CAPITAL AS A PERCENTAGE OF GDP; INFLATION IN THE PRICE OF THE BASKET OF CONSUMER GOODS; AND EXCHANGE RATES IN YEMEN AND LDCs AS A WHOLE, 1991 AND 2000-2004

	1991	2000	2001	2002	2003	2004
Yemen						
Annual real GDP growth (percentages)	2.0	4.4	5.0	3.5	3.8	3.9
Per capita share of GDP (fixed prices for 2000, dollars)	418.6	539.1	546.9	551.4	551.8	549.7
Per capita share of GDP (fixed prices for 2000, in terms of purchasing power of dollar)	588.0	798.8	801.8	818.2	820.4	822.0
Total fixed accumulated capital (as a percentage of GDP)	13.9	16.5	16.6	16.0	16.1	16.4
Inflation in the price of the basket of consumer goods (percentages)	36.0	4.6	11.9	12.2	10.8	12.5
Average exchange rates (local currency against the dollar)	12.0	161.7	168.7	176.0	183.5	184.8
LDCs as a whole						
Annual real GDP growth (percentages)	1.5	4.3	5.2	4.6	4.6	5.9
Per capita share of GDP (fixed prices for 2000, dollars)	247.0	274.0	281.9	288.5	295.3	306.1
Per capita share of GDP (fixed prices for 2000, in terms of purchasing power of dollar)	1 036.7	1 126.9	1 170.6	1 182.7	1 204.4	1 262.4
Total fixed accumulated capital (as a percentage of GDP)	16.2	19.8	19.9	20.1	20.7	20.7

Source: Collated by ESCWA from various national and international sources.

TABLE 2. COMPONENTS OF GDP IN YEMEN, 1991 AND 2000-2004
(Percentages)

	1991	2000	2001	2002	2003	2004
Agriculture, forests and fishing	26.3	14.0	14.7	14.0	13.6	13.0
Extraction industries	12.6	35.6	30.7	29.8	30.1	31.2
Conversion industries	9.5	5.2	5.5	5.7	5.7	5.6
Electricity, water and gas	3.5	0.7	0.9	0.9	1.0	1.0
Construction	2.9	4.4	4.4	4.8	5.3	6.2
Wholesale and retail trade, restaurants and hotels	13.6	11.0	12.3	13.0	13.4	13.5
Transport, storage and communications	7.0	11.2	12.7	12.4	11.7	11.3
Financing, insurance, real estate and employment services	5.9	8.5	8.5	8.0	8.1	7.5
Personal and community services	1.5	0.8	1.0	1.1	1.2	1.3
Government services	14.9	10.0	10.4	11.0	10.3	9.8
Domestic sector (residential services)	0.1	0.1	0.1	0.1	0.1	0.1
Government fees	4.7	1.9	2.0	2.0	1.9	1.9
Not included: Banking and accountancy services	(2.5)	(3.4)	(3.2)	(2.6)	(2.4)	(2.2)
Sectoral total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Collated by ESCWA from various national and international sources.

Note: Figures in parentheses () are negative.

5. The figures set forth in table 2 show the part played by the sectors in the development of the Yemeni economy. Those figures show that the oil and gas sector accounted for some 30 per cent of GDP between 2001 and 2004, having been only 13 per cent in 1991. However, that increase was at the expense of the agriculture sector, the share of which in GDP fell from some 26 per cent in 1991 to 13 per cent in 2004 as a result of decreasing levels of rainfall and reductions in the amount of agricultural land, as well as the continual increases in *qat* production, which in 2004 constituted some 25 per cent of all agricultural production. It may also be noted that the contribution to GDP of Government services fell from 15 per cent in 1991 to 10 per cent in 2004. That fall has serious implications for levels of poverty and the likelihood that such basic Government services as education and health will be extended to the poorest levels of society.

TABLE 3. FOOD POVERTY AND QUANTITATIVE POVERTY, 1998-2003
(Percentage of population)

	1998	2003
Food poverty	17.6	18.3
Quantative poverty	41.8	40.1

Source: World Bank Internet site, available at <http://www.worldbank.org>, and Yemen Poverty Reduction Strategy, available at <http://yemen-prsp.org/site/publish/english/html>.

6. It has to be concluded that this economic situation will affect the humanitarian situation in Yemen. There has been a slight improvement in levels of poverty, which fell from 41.8 per cent in 1998 to 40.1 per cent in 2003 (see table 3). Levels of food poverty have risen, however, indicating that poverty has risen rather than decreased, particularly in sectors of the population with low levels of income. One contributing factor to the phenomenon of poverty in Yemen is the increase in levels of illiteracy, which stand at 31 and 71 per cent for men and women respectively.

TABLE 4. FINANCIAL RESOURCES FOR DEVELOPMENT, 1991 AND 2000-2004
(Millions of dollars)

	1991	2000	2001	2002	2003	2004
Total local savings	(290)	2 348	1 736	1 601	1 347	1 106
Foreign direct investment and net flows	282	6	155	102	6	(21)
Total foreign debt	6 473	5 075	5 087	5 224	5 377	..
Labour remittance flows	998	1 288	1 295	1 294	1 270	1 261
Official development assistance	298	265	461	584	243	..

Source: World Bank Internet site, available at <http://www.worldbank.org>, and United Nations Conference on Trade and Development, *World Investment Report 2005* (Sales No. E.05.11.D.10).

Notes: Figures in parentheses () are negative.

Two dots (..) indicate that data are not available.

7. It is difficult to imagine a development strategy without guaranteed sources of funding. In the case of Yemen, the question of funding is problematic, in that local resources are limited and it is difficult to obtain international funds. The Monterrey Consensus of the International Conference on Financing for Development¹ affirmed the importance of ensuring the availability of the finance necessary for the development process, as also did the United Nations Millennium Declaration², with particular reference to LDCs. Yemen is in the same position as other LDCs in that it has the greatest difficulty in ensuring the

¹ United Nations, *Report of the International Conference on Financing for Development* (A/CONF.198/11), Chap. I, Resolution 1, annex.

² United Nations General Assembly, *United Nations Millennium Declaration*, (A/RES/55/2).

necessary sources of funding. In 2004, total local savings, worth \$1.1 billion, had fallen by 5 per cent from their 2000 level. That puts Yemen under great pressure to find the necessary finance from external sources, given that other local sources of finance, including money markets and shares, continue to be in need of greater development (see table 4). The figures set forth in table 4 also indicate that labourers' remittances remain the one fixed source of finance for development. Those remittances remained stable between 2000 and 2004, at \$1.5 billion, having increased by some 50 per cent from their 1991 level. Foreign direct investment (FDI) has fluctuated so greatly as to be completely unreliable as a source of funding for development. Those fluctuations may be attributed to bureaucracy, the dearth of any significant investment opportunities, the slow pace of institutional reform and corruption. Official development assistance (ODA) has continued to fall because the developed countries have not delivered the agreed 0.7 per cent of GDP.

II. THE MOST IMPORTANT DEVELOPMENT POLICIES ADOPTED IN YEMEN

8. The Government of Yemen has taken a number of steps in implementation of the undertakings of the Programme of Action for the Least Developed Countries for the Decade 2001-2010, and has adopted to that end a variety of policies and laws. It has also adopted administrative measures in respect of the relevant commitments. Implementation of the commitments has been uneven: Yemen has been able to make remarkable progress in respect of some, while movement on others remains slow.

A. COMMITMENT 1: FOSTERING A PEOPLE-CENTRED POLICY FRAMEWORK

9. In respect of this commitment, the Government of Yemen has taken the following measures:

(a) The aim of the Strategic Vision for Yemen 2001-2025 was, by 2025, to improve levels of human development to equal those of countries with medium levels of income, namely, to achieve real growth of no less than 9 per cent per annum between 2001 and 2025. The Second Five-Year Development Plan (2001-2005) was issued in order to strengthen economic stability and achieve annual real growth of no less than 5.6 per cent;

(b) The work of the local authorities has been activated and developed by holding annual conferences of the local councils; in recent years, three conferences have been held in order to evaluate the performance of those bodies and the obstacles that they face;

(c) Many Government bodies have been restructured in order to eliminate conflicts in the execution of duties and reduce disguised unemployment therein;

(d) A strategy has been designed for the reform of the financial administration with respect to the formulation, preparation and implementation of the general budget. Decentralization is being more vigorously pursued, and fiscal and customs regulations have been updated;

(e) The Council of Ministers has issued a decree concerning the strengthening and expansion of decentralization and coordination of local development programmes, with a view to ensuring that optimum use is made of the resources available to local authorities;

(f) The Central Statistical Organization has been restructured, while, at the same time, a law on statistics has been promulgated which makes it possible to amass data that accord with modern statistical rules. In agreement with the International Monetary Fund, work is continuing on moving towards a Government statistics system;

(g) A strategy for reducing poverty (2003-2005), restricting unemployment and improving standards of living has been formulated;

(h) The Initiative 20:20 has been adopted with a view to urging donors and Governments to devote 20 per cent of grants, foreign assistance and general expenditure to social service projects;

(i) It has become possible for the private sector to invest in the public services sector, including electricity, communications and transport.

B. COMMITMENT 2: GOOD GOVERNANCE AT NATIONAL AND INTERNATIONAL LEVELS

10. In respect of this commitment, the Government of Yemen has taken the following measures:

(a) It has adopted a plan for the reform of the judiciary and establishment of commercial and public finance courts;

(b) Approval has been given for the establishment of the International Criminal Court; a draft money laundering law; the establishment of a general counter-terrorism agency; and the strengthening of the role of the Central Organization for Control and Auditing as part of the Government anti-corruption strategy;

(c) Human rights have been strengthened and protected through the establishment of a committee within the Ministry of Human Rights, responsible for studying complaints and violations and following up the cases of detainees and prisoners;

(d) The role of the Central Organization for Control and Auditing in monitoring the performance of the Government has been strengthened and the role of the Council of Representatives has been activated;

(e) A policy of dialogue with extremist political organizations has been instituted and the problem of vendettas between the Yemeni tribes is being addressed;

(f) A programme for the development of the local communities has been adopted and the Social Fund for Development has been given responsibility for implementing that programme and for funding its projects;

(g) An investment law has been promulgated and offices of public investment institutions have been granted wide jurisdiction. The time needed to register an investment project with such institutions has also been shortened;

(h) The process of studying and evaluating the status of many public sector institutions and companies has been instigated, and several have been privatized or restructured.

C. COMMITMENT 3: BUILDING HUMAN AND INSTITUTIONAL CAPACITIES

11. In respect of this commitment, the Government of Yemen has taken the following measures:

(a) The Basic Education Development Strategy (2001-2015) was adopted. It aims to make basic education available to all those who are entitled to it and to promote non-basic and, in particular, vocational and technical education by establishing scientific and technical institutes and preparing the national policy for science and technology;

(b) The Third National Population Policy Conference was held and social partnership in evaluating and implementing the solutions proposed was activated. The National Population Strategy (2001-2020) was also adopted;

(c) Numerous workshops and seminars were held in order to evaluate the Population Policy and a survey was conducted of the labour market in order to discover the nature of the work force that is needed and orient education accordingly, thereby reducing unemployment;

(d) Support has been given to women's participation in development and decrees issued regarding their employment in Government and positions of leadership; loans have been granted to women for the establishment of agricultural and handicraft projects;

(e) Health service provision has been improved by the reorganization of the Ministry of Health, the rehabilitation of hospitals, opening of health centres and mother and child centres, and expanding primary health care services;

(f) Attention has been paid to the training of staff in local authorities in order to improve performance; secondary cities have been established in order to provide new employment opportunities;

(g) Rural development has been improved through projects for the supply of water and electricity.

**D. COMMITMENT 4: BUILDING PRODUCTIVE CAPACITIES TO MAKE
GLOBALIZATION WORK FOR LDCs**

12. In respect of this commitment, the Government of Yemen has taken the following measures:

(a) A large proportion of public expenditure has been allocated to developing the infrastructure, expanding roads, airports and ports, building dams in various Governorates, and expanding the communications network, in rural and deprived areas in particular, thereby increasing the number of users of the Internet and mobile phones;

(b) Increased investment has been made in agriculture and loans for agricultural projects, and a strategy has been adopted for the development of crops for export;

(c) A number of heritage sites have been restored and museums opened; great efforts were made with respect to tourism after Sana'a was chosen as capital of Arab Culture 2004; the Yemeni islands are being developed;

(d) Technology is being developed through the formation of the Supreme National Council for Information Technology; many of the science faculties in Yemeni universities are being modernized with a view to increasing the absorptive capacity of technical and vocational institutes to 15 per cent of all students;

(e) Attention is being paid to the development of the fish sector, including the farming of such high-value fish for export as *shurukh* (rock lobster) and prawns;

(f) A gas-powered electricity station and project has been implemented in order to increase energy production at low cost and minimal environmental impact.

E. COMMITMENT 5: ENHANCING THE ROLE OF TRADE IN DEVELOPMENT

13. In respect of this commitment, the Government of Yemen has taken the following measures:

(a) It has approved the work of the World Trade Organization (WTO) negotiations committee and the final procedures for accession to WTO, the Greater Arab Free Trade Area (GAFTA) and the Gulf Cooperation Council; and the finalization of an amended customs law;

(b) It has lifted all restrictions on bank loans to fund foreign trade and is promoting exports by establishing a number of modern markets in towns where agricultural and other commodities and fish may be brought together, with a view to improving the performance of local products, and by establishing marketing companies;

(c) Projects have been prepared for the establishment of free markets in the main ports and for free trade zones with the Syrian Arab Republic, the United Arab Emirates and Sana'a Group countries, namely, Ethiopia and the Sudan;

(d) A number of trade cooperation agreements have been concluded with several friendly countries, and existing agreements have been activated and implemented.

F. COMMITMENT 6: REDUCING VULNERABILITY AND PROTECTING THE ENVIRONMENT

14. In respect of this commitment, the Government of Yemen has taken the following measures:

(a) It has adopted resolutions concerning the designation of many parts of Yemen as nature reserves and is attempting to control pollution;

(b) It has become a party to the 1997 Stockholm Convention on Persistent Organic Pollutants.

G. COMMITMENT 7: MOBILIZING FINANCIAL RESOURCES

15. In respect of this commitment, the Government of Yemen has taken the following measures:

(a) It offers facilities and incentives to encourage the local and foreign private sector to invest in various fields and increase the capital of commercial banks; it has activated the money-laundering law;

(b) It has lifted all restrictions on the movement of capital and on the prices of goods and services, and has developed the judicial apparatus in order to protect property rights;

(c) With a view to increasing State resources, it has lifted all restrictions on bank loans to fund trade and strengthen financial activity: a sales tax law and an amended customs law have been promulgated. Tax laws are being revised;

(d) The capital of commercial banks has been increased in order to strengthen the financial centres; modern methods of regulating banking operations have been introduced, and steps towards the establishment of a securities market have been activated.

III. REGIONAL AND INTERNATIONAL ASSISTANCE PROVIDED TO YEMEN

16. Development assistance is the foundation stone of the development process in LDCs because it allows those countries to establish international relations and orients them towards local development. Between 1990 and 2004, Yemen benefited from regional and international financial assistance worth a total of \$3.9 billion, in the form of either grants or long-term loans. The annual average worth of that assistance was \$260 million, representing \$13 per capita. In the same period, Yemen was granted development loans worth some \$2.7 billion. The major donors were the World Bank, which lent \$1.4 billion; the Arab Fund for Economic and Social Development - \$824 million; the Saudi Fund for Development - \$193 million; and the Organization of the Petroleum Exporting Countries (OPEC) Fund for International Development - \$74 million (see table 5).

TABLE 5. MAJOR DONORS OF DEVELOPMENT ASSISTANCE TO YEMEN, 1990-2004
 (Millions of dollars)

Country or organization	Assistance provided
Grants and assistance	
Germany	280
The Netherlands	240
United States of America	147
European Union	250
United Nations specialized agencies	180
Non-profit international organizations	86
United Kingdom	28
Other countries	35
Total grants and assistance	1 246
Loans	
World Bank	1 400
Arab Fund for Economic and Social Development	824
Saudi Fund for Development	193
Islamic Development Bank	167
OPEC Fund for International Development	74
Total loans	2 658
Sum total	3 904

Source: Yemen, Ministry of Planning and International Cooperation, available at: <http://www.mpic-yemen.org/new1/news.asp?newsID=184>.

17. Some 60 per cent of the development assistance provided to Yemen was invested in infrastructure projects, education, health, water and sanitation, and the agriculture sector. The remaining 40 per cent took the form of technical assistance in fields relating to the environment, institution-building, human development and cultural heritage.

18. It should be noted that one third of the development assistance extended to Yemen between 1990 and 2004 originated from Arab regional funds and, in particular, from the Arab Fund for Economic and Social Development, the Kuwait Fund for Arab Economic Development, the Saudi Fund for Development and the Islamic Development Bank. The Saudi Fund for Development allocated \$21 million to the Yemeni Social Fund for Development, while the Arab Fund for Economic and Social Development and the Islamic Development Bank apportioned \$158 million and \$46 million respectively to infrastructure projects.³

19. The Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) provided Yemen with some \$152 million worth of ODA in 2004, an increase of some \$100 million over the 2001 figure. ODA from multilateral and other donor countries in 2004 was worth \$252 million, representing a steep decrease from the 2001 figure of \$461 million. The amount of ODA received by Yemen in the form of grants increased from \$151 million in 2001 to \$224 million in 2004⁴.

IV. ASSISTANCE IN SUPPORT OF DEVELOPMENT EFFORTS PROVIDED TO YEMEN BY ESCWA

20. Because Yemen is the only LDC in the region, ESCWA gives it the very highest priority in its programmes. A range of activities are undertaken, including studies and reports and the provision of technical services. ESCWA also publishes, on a biannual basis, a comprehensive report that includes a review and evaluation of the progress that has been made by Yemen in applying the Programme of Action for the Least Developed Countries for the Decade 2001-2010. The most recent report was issued in 2005⁵ and comprises a review and evaluation of the progress made by Yemen in that respect. Economic developments in Yemen are also considered in two other flagship ESCWA reports, namely, the *Annual review of developments in globalization and regional integration in the countries of the ESCWA region*⁶, which appears every December, and the *Survey of economic and social developments in the ESCWA region*⁷, which appears every June.

A. TECHNICAL ASSISTANCE

21. ESCWA provides Yemen with technical assistance in several fields, including transport, energy, water, trade and WTO activities. The various services provided in all fields are briefly reviewed below.

22. In order to foster a people-centred policy framework, ESCWA provided Yemen with technical assistance that was aimed at empowering the country to confront challenges and accelerate economic growth. That assistance included the following:

- (a) A review of National Accounts data input, with a view to filling gaps in statistics;

³ Arab Fund for Economic and Social Development Internet site, available at: <http://www.arabfund.org>; the Kuwait Fund for Arab Economic Development Internet site, <http://www.kuwait-fund.org>; the Saudi Fund for Development Internet site, <http://www.sfd.gov.sa>; and the Islamic Development Bank Internet site, <http://www.isdb.org>.

⁴ OECD, *Geographic distribution of financial flows to aid recipients*, 2000-2004.

⁵ ESCWA, *Review and evaluation of the progress that has been made by Yemen in implementing the Programme of Action for the Least Developed Countries for the Decade 2001-2010*, E/ESCWA/GRID/2005/12.

⁶ ESCWA, *Annual review of developments in globalization and regional integration in the countries of the ESCWA region*, 2005, E/ESCWA/GRID/2005/13.

⁷ ESCWA, *Survey of economic and social developments in the ESCWA region 2004-2005*, E/ESCWA/EAD/2005/6.

(b) An evaluation of the outcomes of the statistical survey of 2003;

(c) Guidance with respect to the quality of System of National Accounts (SNA) 1993 outcomes;

(d) Guidance with regard to the implementation of the statistical survey in early 2005, by developing and implementing the existing statistical surveys;

(e) A review of Yemen's experience in applying SNA 1993 and related advice.

23. ESCWA provided Yemen with the following technical assistance in respect of building human and institutional capacities:

(a) The representative of Yemen was invited to participate in the Arab Population Forum, which was held in Beirut from 19 to 21 November 2004 in order to discuss population policies in the region;

(b) Population statistics have been regularly incorporated into ESCWA social statistics;

(c) The representative of Yemen was invited to take part in the Regional Seminar on Sanitary and Phytosanitary Measures that was held in Beirut from 4 to 6 May 2004;

(d) The representative of Yemen was invited to participate in the Regional Seminar on Trade Facilitation, which was held in Beirut from 1 to 3 June 2004, and the Regional Seminar on Trade in Services for the Arab Countries, which was held in Beirut from 7 to 9 December 2004.

24. With respect to enhancing the role of trade in development, ESCWA provided Yemen with a great deal of assistance aimed at enabling the country to achieve that commitment, including the services of the regional advisor concerning WTO negotiations. The advisor undertook a number of missions to Yemen in order to advise on the specific WTO-related undertakings with regard to trade in goods and services and the parliamentary measures that are necessary in order to become a member of WTO. Assistance was also provided in regard to preparing the first review of the market access of goods and through the participation of two Yemeni experts in the training course which was held for customs bodies on 28 and 29 September 2005.

25. With regard to sustainable development, ESCWA provided technical assistance in formulating strategies and plans for effective and sustainable administration for the water and energy sectors in Yemen. The aim of the services provided was to identify the basic components of a system to support and plan operations in the Ministry of Water and Environment and provide support and advice in carrying out the first stage of the national strategy for renewable energy.

26. As regards the environment, ESCWA provided technical assistance aimed at identifying the real resources and relevant laws in the General Authority for the Promotion and Development of Yemeni Islands, and reviewing laws and the organizational structure of the Environment Protection Council and the national council for environmental protection for development. It also provided advice on a project concerning the development of a green belt around Sana'a.

27. Concerning social development, ESCWA provided assistance in reviewing the status of technical and vocational training activities and preparing a programme of work for the General Women's Department; analytical training in the Ministry of Technical Education and Vocational Training; reviewing the final version of training questionnaires and brochures relating to the 2004 population census; and reviewing the preliminary document on the Yemeni general statistical project that was formulated by the Central Statistical Organization.

28. With respect to information and communications technology (ICT), ESCWA provided Yemen with the following technical assistance:

- (a) Assistance in building national capacities to improve productivity by adopting competitive technologies and practices in administration, and by establishing networks;
- (b) Support for improved communications inside the country and with other countries;
- (c) Work to evaluate the flow of information within the IT sector and propose a road map for the introduction of data management systems.

B. RELATED PROJECTS AND ACTIVITIES

29. ESCWA plays a leading role in a large number of projects and activities that cover Yemen. It should be noted that some of those projects have been completed, while others are continuing.

30. The projects and activities that have been completed include the following:

- (a) Data planning for integrated water resource management in the water and environment sectors in the ESCWA region;
- (b) The Arab Population Forum, held in Beirut from 19 to 21 November 2004 in order to mark the passage of 10 years since the International Conference on Population and Development;
- (c) The publication of the report entitled *Towards integrated social policies in Arab countries*;⁸
- (d) The Second Forum of Arab Business Community and WTO Agreements, held in Beirut on 28 and 29 April 2004;
- (e) The development of an information database for the Integrated Transport System in the Arab Mashreq (ITSAM-INFOSYS);
- (f) The development of national statistical programmes on women's issues in 13 Arab countries.

31. The projects and activities that are continuing include the following:

- (a) The establishment of an FDI expert network for ESCWA member countries;
- (b) Capacity building in developing land and land-sea transport links between the various regions: Economic Commission for Europe, Economic and Social Commission for Asia and the Pacific, Economic Commission for Latin America and the Caribbean, Economic Commission for Africa and ESCWA;
- (c) Promoting the role of new technology in reducing unemployment and poverty in ESCWA member countries;
- (d) Preparatory assistance in bringing renewable energy services to rural areas of ESCWA member countries;
- (e) A regional initiative to use new technology in order to reduce poverty;
- (f) Report on the status of Arab women 2005;
- (g) International Comparison Programme for Western Asia.

⁸ ESCWA, *Towards integrated social policies in Arab countries*, E/ESCWA/SDD/2005/4.

V. CONCLUSION AND RECOMMENDATIONS

A. CONCLUSION

32. The Yemeni Government has, to the extent allowed by its material and human resources, exerted great efforts towards implementing the Programme of Action for the Least Developed Countries for the Decade 2001-2010: the Government has given undertakings to many international institutions and other donors in that respect. However, limited institutional, organizational and administrative capacities have meant that it has not been possible to honour all those undertakings, leading to a clear discrepancy between the decisions and recommendations made and policies and measures adopted and the implementation thereof, which remains lower than is required.

33. A number of factors continue to prevent the goals of the Programme of Action for the Least Developed Countries for the Decade 2001-2010 from being achieved. One of the most important of those factors is the prevalence of poverty, which in 2004 affected 42 per cent of all families; unemployment, which reached 16 per cent; low economic growth of 3.8 per cent; and low volumes of development investment.

34. The coverage of education and health services is noticeably low, being no greater than 68 and 50 per cent respectively. The proportion of dwellings that do not enjoy basic services and lack clean drinking water is 38 per cent, while 40 per cent lack electricity. A further 24 per cent have no sanitation.

35. There are clearly difficulties in implementing many projects caused by the limited absorptive capacity of the economy and weak capacities of the bodies responsible for supervision of technical projects.

36. There is a noticeable lack of coordination between the several parties that oversee development and finance projects and, in particular, in respect of basic services. That causes waste of resources and makes it difficult to take development projects to beneficiaries.

37. The resources available for social development, while they have increased, remain inadequate for the achievement of the goals set by the Government in the first and second five-year development plans.

38. The role of the local councils in formulating development plans that would help to revitalize poor and remote areas continues to be weak and ineffective, because capacities are lacking and responsibilities are unclear and because there is no coordination between the central and local authorities, all of which undermine the outcome of development work.

39. Evaluation and follow-up of development projects is also weak, which increases the problems of such projects and obstructs the achievement of their intended goals.

40. Databases are inadequate and make it difficult to analyse and evaluate the effect of development-related decisions and policies.

41. Financial and administrative corruption remain an obstacle to all development efforts.

B. RECOMMENDATIONS

42. Evaluation of the progress which has been made by Yemen in implementing the Programme of Action for the Least Developed Countries for the Decade 2001-2010 prompts the following recommendations:

(a) It is important to balance the capacities of Government agencies to implement programmes on the one hand and, on the other, the requisite policies, and to give priority to the identification of clear and logical goals for policies and measures that can be agreed upon with donors;

(b) The overall economic policy must be balanced, in particular with respect to the financial deficit, by pursuing a financial policy that can make prices stable and reduce the debt of the Central Bank; greater reliance must be placed on the issuance of Government bonds to fund the financial deficit;

(c) The goal identified in the economic, financial and administrative reform programme must be achieved or surpassed by reducing current expenses and maintaining capital expenses in order to promote economic growth;

(d) Attention should be paid to the training of local authority staff and increasing their awareness of the local authority law and its aims. A mechanism must be found for coordination between the central and local authorities;

(e) Inflation must be reduced by applying a monetary policy that can stabilize prices and reduce the indebtedness of the Central Bank; greater reliance must be placed on the issuance of Government bonds to fund the financial deficit;

(f) Greater efforts must be exerted to reduce poverty and the number of families living below the poverty line, by increasing the financial resources of the Social Development Fund. Donors should be urged to give part of their ODA to the Fund;

(g) Enrolment in basic education must be increased in order to reduce levels of illiteracy, which exceed 66 per cent, by building more elementary schools and increasing allocations to the Ministry of Education;

(h) Health service coverage must be increased by greater allocations to health services and, in particular in rural areas, where most of the population lives;

(i) Investor programmes must be linked to specific priorities, implementation schedules and clear project goals, in order to prevent projects becoming inflated and distributed at random. Attention must be given to the follow-up and evaluation of all development projects;

(j) Agricultural planning must be improved and take account of decreased rainfall;

(k) ESCWA member countries should increase their assistance to Yemen, in order to enable it to implement its economic plans and make progress in implementing the Programme of Action for the Least Developed Countries for the Decade 2001-2010;

(l) Other donor countries should increase their financial and moral support to Yemen, in order to assist its efforts to overcome poverty and reduce levels of unemployment. Technical assistance should be provided in various economic and social fields.
