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Preface

The launching of the Millennium Development Goals (MDGs) 1990-2015 report coincided with the first year of the implementation of Poverty Reduction Strategy (PRS), for the period 2003/05. This progress report will serve as a reference for monitoring and evaluation of the progress made in the path of achieving the goals and policies contained in the PRS.

The report contains a clear identification of goals, targets, indicators, analysis of goal development and trends, indicative costing, as well as an overview of the challenges and supporting programmes and policies. It clearly demonstrates the agenda of the Yemeni government and its development partners for combating poverty and creating enabling environment for job opportunities, thus contributing to improvement of economic, social and political conditions of population at large.

The Household Budget Survey (1998) disclosed that poverty is a widespread phenomenon in Yemen, particularly in rural areas. The survey found that almost 6.9 million of the Yemeni population (41.8%) lives in poverty and is unable to meet their food and non-food needs. It also shows that the highest levels of poverty are found in rural areas, and that poverty levels differ from one governorate to another.

Government commitments to poverty alleviation have been supplemented by several official efforts to address the issues and challenges impeding the efforts to strengthen political and institutional structures, through bolstering ties with the neighbouring countries, developing a democratic regime based on political pluralism, strengthening local authority and maximising people's participation.

In the economic and social spheres, major elements of the reform programme are under implementation. They include the Economic, Financial and Administrative Reform Programme (EFARP), which contributed to achieving economic stability, allocation of significant resources for improving education and health sectors, as well as strengthening the social safety net.

Despite the efforts made on poverty reduction, poverty levels are still high, particularly in rural areas. Poverty presents itself in different forms, including low enrolment in primary education, poor health care services, and limited access to safe drinking water. To address these problems, the government had to

mobilize its efforts and resources to narrow the poverty gap and fend off dangers of falling into a poverty trap. The government also needs to address the root cause of poverty in rural and urban areas, and deal with gender-based disparities as well as intra and inter-regional disparities.

In addition, the government should direct special attention to pursuing judicial and civil service reforms, and support the decentralization agenda as well as continue with the Economic, Financial and Administrative Reform Programme (EFARP). It also needs to enhance national capacities at all levels with a particular focus on PRS policy analysis, oversight monitoring and evaluation of the poverty reduction programmes and projects, as well as statistical data management.

The report is an effort to respond to the most important question: What is the magnitude of the resources and level of capacities needed by Yemeni society to meet the MDGs by 2015.

The conclusions of the report clearly demonstrate the enormous tasks ahead of the Yemeni society to mobilise required resources and to develop capacities at different levels to enable Yemen to meet the MDGs by 2015. It also underlines the importance of developing a global partnership as a means of shared responsibility between poor and rich nations for realization of MDGs by 2015.

Lastly, I would like to express my gratitude to the members of the National Technical Team for their highly appreciated efforts in the preparation of this report in a participatory manner with all government institutions and Civil Society Organizations. I would also like to appreciate the significant role of UNDP Country Office in its support for the preparation of this report and hoping that such cooperation will continue in the future.



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STATUS AT A GLANCE

Yemen's progress towards the development goals

Goals	Will Development Goals be Reached?				State of Supportive Environment			
Extreme Poverty Halve the proportion of people living below the national poverty line by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Hunger Halve the proportion of underweight, under-five year olds by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Universal primary education Achieve universal primary education by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Gender equality Achieve equal access for boys and girls to primary and secondary schooling by 2005	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Under-five mortality Reduce under-five mortality by two-thirds by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Reproductive health Reduce maternal mortality ratio by three-quarters by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
HIV/AIDS Halt and reverse the spread of HIV/AIDS by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Malaria and major diseases Halt and begin reverse on malaria and other major diseases by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Environmental sustainability Reverse loss of environmental resources by 2015	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak
Basic amenities Halve the proportion of people without access to safe drinking water	Probably	Potentially	Unlikely	Lack of Data	Strong	Fair	Weak but Improving	Weak

List of Acronyms

BSS	Basic Social Study
CBY	Central Bank of Yemen
CSOs	Civil Society Organizations
CSOs	Central Statistical Organization
DHS	Demographic Survey
DOTS	Direct Observation and Treatment Strategy
EFARP	Economic, Financial and Administrative Reform Programme
GDP	Gross Domestic Product
HBS	Household Budget Survey
HIPC	Highly Indebted Poor Countries
IFIs	International Finance Institutions
IMR	Infant Mortality Rate
LBW	Low Birth Weight
LDCs	Least Developed Countries
MDGs	Millennium Development Goals
MMR	Maternal Mortality Ratio
MoPIC	Ministry of Planning and International Cooperation
NPS	National Poverty Survey
NTT	National Technical Team
PHC	Primary Health Care
PPP	Purchasing Power Parity
PRS	Poverty Reduction Strategy
TB	Tuberculosis
WHO	World Health Organization
WTO	World Trade Organization

Introduction

In September 2000, at the United Nations Millennium Summit, world leaders agreed to combat poverty, hunger, disease, illiteracy, environmental degradation and discrimination against women, which has been placed at the heart of the global agenda (i.e. Millennium Development Goals (MDGs)). The Millennium Summit, attended by His Excellency, Mr. Ali Abdullah Saleh, President of the Republic of Yemen, also outlined a consensus on how to proceed, with a stronger focus on human rights, good governance and democracy as well as conflict prevention and peace building.

Following are the major eight goals adopted by the Millennium Summit:

1. Eradicate extreme poverty and hunger;
2. Achieve universal primary education;
3. Promote gender equality and empower women;
4. Reduce child mortality;
5. Improve maternal health;
6. Combat HIV/AIDS, malaria and other diseases;
7. Ensure environmental sustainability; and
8. Develop a global partnership for Development.

For the purpose of monitoring progress in achieving these goals at the international, national and sub national levels, 18 specific targets, emanating from the broad eight goals, were set. A number of indicators for measuring progress in achieving these specific goals during the period 1990 - 2015 were also identified.

To assess the progress achieved in implementing the MDGs in Yemen, a National Technical Team was established and tasked with the preparation of the first MDGs progress report for Yemen. The report aims to focus on national dialogue on specific development priorities, and reaffirm political commitment to achieve these goals. It also attempts to attract the attention of political leaders and decision-makers, and to involve the Civil Society Organizations and local communities, which can help in the efforts to achieve these goals and address the related issues thereto.

The MDG progress report is, therefore, an effective tool for promoting awareness and building alliances capable of providing support to the government to fulfill its commitments, and to contribute to building local capacities that are required to follow up and monitor the progress on these goals.

The progress report follows a clear and simple methodology in analyzing the situation related to MDGs. It is concise, but focused. The analysis of each goal includes the following components:

1. Trends of the current status of goals;
2. Challenges facing the State in achieving each goal by 2015;
3. Highlighting policies and programmes proposed by the government during the last decade and those to be adopted for the next era;
4. Identifying development assistance priorities, to which development partners can contribute;
5. Evaluating and reviewing statistical data in terms of accuracy and quality, and assessing whether it can be utilized in analysis, as well as in planning and designing of policies; and
6. Shedding light on the magnitude of financial resources needed to finance programmes and projects deemed necessary to achieve the goals by 2015.

Stakeholders were encouraged to participate in the drafting and discussion of the report. Sectoral working teams, representatives of the government departments, Civil Society Organizations (CSOs) and donors were represented in these teams. Close coordination between the National Technical Team, UNDP and the United Nations Development Assistance Framework (UNDAF) Policies and Data Thematic Group was maintained as a forum to agree on methodology of research and work, as well as to provide the necessary information and data to measure the various indicators.

This MDGR has been linked to the National Planning Frameworks, which have been prepared in a participatory manner and approved. These national planning frameworks are:

1. Strategic Vision 2025;
2. First Five-Year Development Plan

- (1996-2000);
3. Second Five-Year Development Plan (2001/05); and
 4. Poverty Reduction Strategy (2003/05).

In addition, linkages were also made to sectoral strategies, such as National Water Strategy, Population Policy and Population Programme of Action, Basic Education Strategy and Health Sector Reform Scheme.

The report utilized the Yearly Statistical Book, issued by the Central Statistical Organization (CSO), as main reference for gross and sectoral data and indicators. In relation to indicators on poverty, maternal and child health, the main sources were the 1998 Household Budget Survey (HBS), the 1999 National Poverty Survey (NPS) and the 1992 and 1997 Demographic Surveys (DHS).

In order to affirm political commitment to the MDGs and to focus national dialogue on development priorities, the report was presented to the Cabinet and to all Ministries for perusal and their opinions and comments. This step was part of the process to further enrich the report by discussions and comments, in addition to the national workshops.

An **Inter-ministerial Committee** was formed under the chairmanship of the Deputy Prime Minister, Minister of Finance, to review the report in consultation with key stakeholders. In light of this, additional workshops were held, involving government officials, representatives of international organizations and donor countries, Civil Society Organizations (CSOs) and Yemeni academic institutions.

This intensive and elaborate work culminated in the adoption of Cabinet decision No. 104 for the year 2003, which endorsed the following:

1. Commitment to achieve the MDGs in close cooperation and coordination with development partners;
2. Soliciting the support of all development partners to supplement the government efforts, which are aimed to achieve the MDGs;
3. Integrating the MDGs in the present

and future strategies, plans and programmes; and

4. Setting up a mechanism for follow up and monitor of progress in achieving the MDGs in their entirety.

To translate the government plans into action, the Ministry of Planning and International Cooperation will pursue efforts to bolster cooperation and coordination with the concerned government authorities and donors in working out a mechanism for follow-up and monitoring of progress in achieving the MDGs and PRS initiatives.

This Report is an outcome of partnership and technical support provided by UNDP, to promote awareness and stimulate discussion and dialogue on sustainable development priorities. This report has also been published with a support of UNDP country office.

Yemen: Topography and Population

Yemen's 18.3 million population lives on 2% of its total geographical area of about 45 million ha. The population is scattered at about 41,800 villages with 74% of the population living in settlements of less than 5,000 people thus making difficult the extension of basic services to this group of the population. The natural topography of Yemen is divided into four major regions: the coastal region, the highlands, Tihama and Eastern plateaus.

Population distribution per region

Region	Percentage of Population
Costal	10
Highlands	59
Tihama Plateau	11
Eastern Plateau	20

Development Trends and Economy

The unification of Yemen on 22nd May 1990 marked a new era in the history of Yemen. Thirteen years after the development march in the united Yemen started, the country is still classified by the United Nations as one of the Least Developed Countries (LDCs). GDP per capita was \$ 473 (\$ 1.3 per day at nominal terms) in 2000, compared to \$ 701 in 1990. The population grew from 12.9 million in 1990

to 18.3 million in 2000, registering an annual population growth rate of 3.5%.

Almost 76% of the Yemeni population lives in rural areas. The under-15 age group represents 46.3% of the population. This translates into an increasing demand for educational and health services as well as access to clean drinking water and job opportunities.

The Yemeni economy is labeled a traditional one, with the agriculture sector accounting for 14.6% of GDP, and absorbing almost 52% of the work force. It also constitutes 32% of the gross non-oil exports in 2000. Arable land is estimated at 1.6 million hectares, while the cultivated area is estimated at 1.3 million hectares. The agriculture land represents 2% of the total area of Yemen. Agriculture mainly depends on rainfall, thus making the agricultural activity subject to climate changes, such as drought and rain streams.

The Yemeni economy depends largely on oil revenues. In 2000, the oil sector accounted for 36.7% of GDP at the current price. Oil revenues contributed almost 63% of the central State budget and accounted for 90% of the gross commodity exports in 2000. This makes the economic activity vulnerable to fluctuations of the international oil prices. Moreover, the period 1990-2000 witnessed a remarkable change in the economic structure. The agricultural sector contribution dropped from almost 24.2% (1990) to almost 14.1% (2000) at current price. During the same period the industrial sector contribution (excluding oil and refinery) dropped from 7.4% to 4.2%, and the transport and communications sectors contribution also dropped from 14.8% to 10.3%.

However, the oil sector contribution has increased significantly, jumping from 13.4% (1990) to 36.7% (2000). The service sector is still leading in terms of its contribution to GDP. It contributed by 46.7% and 38% of GDP in 1990 and 2000 respectively.

Although the fishery and tourism sectors are promising ones, their contribution to GDP is still low. In 2000, these two sectors accounted for almost 1.07% and

0.66% respectively.

Characteristics of Poverty

The internal and external shocks that hit Yemen in the 1990s exacerbated poverty, which has become a social and economic phenomenon of concern to the government, donors and local communities. The HBS (1998) indicates that 17.6% of the population is under-nourished, while 41.8% of the total population lives under the upper poverty line. A special feature characterizing poverty in Yemen is that most of the poor live in rural areas despite the growing urbanization trends. Poor families in rural areas are more vulnerable than those living in urban areas. Moreover, throughout the country, poverty levels vary from one governorate and/or district to another.

On the other hand, there is a causal link between the size of the family and the poverty level. A female-supported family or one that is supported by an elder man is more vulnerable than a family supported by a man. This is also the case with families having many children. Another important feature is that illiterate groups are more impoverished than literate or educated groups. Indicators also show that a large proportion of the population falls under the vulnerable groups who are at risk of falling into the poverty trap should they face natural, economic and/or social shocks.

Government Efforts

Yemen development process, which kicked off more than three decades ago, followed different patterns of political and economic regimes, dictated by the division of the country into two parts. However, the central regime (central authority) was the dominant feature in both regimes. While the southern part of Yemen followed a socialist system, the northern part followed a liberal one. With the reunification in 1990, the unity regime followed a liberal economic system, adopting democracy and political pluralism, decentralization and enhancing the role of local authorities in managing local economic and social affairs.

In 1995, the Government initiated the Economic, Financial and Administrative

Reform Programme (EFARP) to cope with the economic crisis. The series of policies and measures adopted by the government had contributed positively to economic stabilization, liberalization of trade and enhancing the private sector role in economic activity. This coincided with the launch of the First Five-Year Development Plan (1996-2000), having strategic pillars in line with the reform programme directives, which focused on addressing existing economic and financial imbalances, achieving significant economic growth and making the maximum utilization of available human and natural resources.

By the end of 2000, indicators have shown that the government efforts have achieved significant progress in improving gross economic indicators. The annual economic growth rate reached 4.4% and the inflation rate dropped to a single digit and stabilized the foreign currencies exchange rates. The budget deficit was reversed and turned into a surplus in 1999 and 2000 due to an increase in oil prices. The balance of payments saw a surplus and the foreign debt dropped after the agreement in 1996 with the Paris Club of Creditors.

Despite the satisfactory performance of the economic reform programme, its side effects have resulted in price hikes of commodities and basic services, as well as a drop in job opportunities. The devaluation of the purchasing power of the Yemeni Rial, coupled with the removal of subsidies on certain commodities (including basic commodities) and stabilizing the actual wages in the local market, have negatively affected the living standard, given the fact that price hikes have not been matched by a similar rise in real wages in the labor market.

Indicators suggest that the above measures have left an impact in terms of deteriorating conditions of the limited income and poor population.

Realizing these negative consequences on income, employment opportunities and standards of living, which coincided with the implementation of the economic reform programme, the government introduced a social security package, designed mainly to protect the poor.

The package includes the funds and programmes working mainly on owning of production assets, provision basic services and creation of temporary and long-term job opportunities.

The government's directions in the area of poverty reduction have culminated in drafting of Poverty Reduction Strategy Paper (2003/05).

The most important development indicators:

	Indicator	Year
Total population (in millions)	18.3	2000
Annual population growth rate (%)	3.5	2000
Life expectancy at birth (LEB)	60.5	2000
GDP per capita (in US \$)	473	2000
Foreign debt (as % of the GDP)	56	2000
Poverty rate (% of the population below the national poverty line)	41.8	1998
<i>Rural</i>	<i>83</i>	<i>1998</i>
<i>Urban</i>	<i>30.8</i>	<i>1998</i>
Percentage of children under-5 with low weight	15.9	2000
Net enrolment rate in basic education (%)	59.9	2000
Proportion of boys vs. girls in basic education (reaches grade 5)	55.7	2000
Child mortality rate (per 1000 live births)	94.1	2000
Maternal mortality rate (per 100,000)	351	1997
Percentage of people with access to safe water	35.9	1999
<i>Rural</i>	<i>20.2</i>	<i>1999</i>
<i>Urban</i>	<i>80.9</i>	<i>1999</i>
Percentage of illiteracy (15 + years)	55.7	2000
<i>Rural</i>	<i>64.4</i>	<i>2000</i>
<i>Male</i>	<i>42.7</i>	<i>2000</i>
<i>Famale</i>	<i>84.1</i>	<i>2000</i>
<i>Urban</i>	<i>33.9</i>	<i>2000</i>
<i>Male</i>	<i>19.7</i>	<i>2000</i>
<i>Famale</i>	<i>47.8</i>	<i>2000</i>
Health Care coverage (% of population)	50	2000
Malaria coverage (% of population)	30	2000