

Report on Yemen's achievements 2000-2005 of objectives of the Programme of Action for the Least Developed Countries

Introduction:

On behalf of the Government of Yemen, the Ministry of Planning and International Cooperation is hereby honored to present this report to the General Assembly of the United Nations represented by the Economic and Social Council. This report covers achievements for the period 2000-2005 according to the Programme of Action for the least developed countries. It also covers constraints which caused certain delays.

As it is already well known, the Programme of Action aimed at reducing levels of poverty, mitigating its impact and achieving high rates of economic growth and sustainable development in the least developed countries of which Yemen is one. Yemen has surely accorded this program due attention. It incorporated the objectives of the program in the second Five-Year Economic and Social Development Plan which was implemented during the period 2001-2005. It also incorporated these objectives in the Poverty Reeducation Strategy, implemented during the years 2003-2005, as well as, the various government programs submitted to the Parliament during the period 2000-2005.

While it would become clear from this report, it can be said that Yemen has achieved important milestones towards this end, despite its inability to achieve all the objectives of the Programme of Action for the least developed countries. This may be due to unforeseen and unexpected changes such as lower oil production, draught and terrorism.

Therefore; Yemen will, in the future, work to avoid the pitfalls of the past caused by such unexpected changes. On this basis, the proposed Third Five-Year Development and Poverty Reduction Plan, 2006-2010, has included many of the policies and measures which are expected to achieve the objectives of the Programme of Action.

The preparation of this report has followed a similar format to that followed in reports by the Economic and Social Council, Therefore; the achievements of the country will be dealt with according to the seven commitments described in the Programme of Action for the Least Developed countries. This would be as follows:

Commitment 1: Fostering a people-centered policy framework

In line with the Programme of Action For the Least Developed countries, Yemen was slated to achieve during the period 2000-2005 an average rate of growth not less than 7%. Such growth should have been realized in a way which would take into consideration the poor and can show the achievement through the adoption of policies which would encourage the distribution of such growth in an equitable manner that doesn't discriminate against the poor.

Efforts by the government of Yemen to realize this commitment, can be seen through the review of the realized rates of growth and the whole package of economic reforms implemented by the government during the same period. On this basis, the most significant trends in macroeconomic development during the period 2000-2005 will be discussed. Considerations will also be given to internal and external economic developments which took place during the same period.

1. Economic Growth

The average rate of growth realized during the period 2000-2005 was around 4.7%. This didn't meet the growth targeted by the Programme of action for the Least Developed countries, the Second Five-Year economic and Social Development Plan 2001-2005 and the Poverty Reduction Strategy, 2003-2005, which targeted consecutively average rates of growth, 7%,5.6% and 4.7%.

Table (1) Growth rates of GDP during the period 2001-2005 .

	2001	2002	2003	2004	2003	2005	Average
Rate Growth of Nominal GDP	7.9	12.5	14.9	17.2	14.9	6.1	11.7
Growth Rate of Nominal non-oil GDP	16	14	14.3	15.4	14.3	19.1	15.8
Rate growth of Real GDP	5	3.5	3.8	3.9	3.8	5.2	4.3
Growth Rate of Real non-oil GDP	5.9	4.1	4.9	5.4	4.9	6.6	5.4

It is apparent that economic performance during the period covered by the Second Five-Year Development Plan was worst than that covered by the first Five-Year Development Plan which saw an average growth rate of 6.6% as opposed to the Second Five-Year Economic And Social Development Plan which saw an average growth rate of 4.3%. Average rate of growth in the non-oil GDP were 6.9% and 5.4% during the total period covered by the two plans consecutively. This can be explained by the lower rates of growth in the oil and agriculture sector which negatively impacted on the rates of economic growth. This can be described through analysis of data in the following two tables which contain rates of growth in the important economic sectors.

Table (2) rates of growth in some sectors at constant prices for the period (2001-2005)

Sector/Year	2001	2002	2003	2004	2005
Agriculture	6.26	0.18	2.13	3.14	3.47
Industry	1.75	2.07	0.65	-0.96	-0.30
Construction	5.71	6.59	7.5	6.7	6.95
Oil	0.46	0.54	-2.1	-5	-4.23
Services	6.3	5.57	5.98	5.50	8.32

The lower rates can be attributed to a number of factors, natural: such as rates of rain fall and scarcity which leaves a clear impact on agricultural production- about 62% of arable land in Yemen depends on rainwater. It can be said also that the draught period which was experienced during the past five years had left a negative impact on agricultural production. With respect to the Oil sector, the absence of new discoveries had lead to the lower growth rates in this sector.

2. Employment

The achieved lower growth rates have surely left a negative impact on employment levels. The government had worked diligently to increase levels of employment and to reduce unemployment through increasing public investment and through the special programs such as the programs of the Agricultural and Fisheries production promotions Fund, the Public Works Project and the Social Fund For Development. Unfortunately, levels of investment by the private sector didn't see any increases as originally forecasted. As a result, employment

noticed an average annual increase of 2.7%. However, grew the labor force during the same period by 3.8% thereby exacerbating the unemployment situation.

Despite that, it can be said that the government succeeded in curbing the rise of unemployment. The Statistics show that the unemployment levels in 2004 were around 14.5%. Although this figure is unacceptable, it hasn't increased much from 1999 which was around 11.5%. Unemployment and the creation of new job opportunities have now become a priority for the Third Five-Year Development and Poverty Reduction Plan. Special focus will be given to labor intensive fields. Focus will also be given to improving educational and training levels and the alignment of educational and training objectives with that of the labor market demands, a matter, which is expected to encourage the private sector to increase its investment.

3. Inflation

The government succeeded in capping inflation during the past period. This is clearly proven through the attention paid to the impact of economic policies on individuals and particularly the poor. Inflation hovered around 10% based on consumer prices index.

Table (3) Price Changes

	2001	2002	2003	2004	2005	Average
Inflation rates (CPI)	11.90	12.23	10.8	12.5	13	12.1
GDP Deflator	2.8	8.7	10.8	12.8	-	8.8
Average exchange rate	168.7	176	183.5	184.8	193	181.2
% change of exchange rate	4.3	4.3	4.3	0.7	4.4	3.6

Commitment 2: Good governance at national and international levels

It has become known amongst nations that poverty is receding and that development is expanding constantly under good governance. Good governance can be achieved and expanded through promotion of democracy and protection of human rights. Democracy grows faster through political plurality and free elections. It is clear that Yemen has achieved major steps towards this end. Since the country's reunification in 1990, a referendum on a permanent constitution which fosters political plurality, protects freedom of speech and allows the existence of political parties and civil society organizations. It also calls for free and fair elections and treats all citizens equally making it unlawful to discriminate on the basis of ethnicity, religion and gender.

As a result, many political parties came into being. Currently there are more than twenty political parties operating in the country. Political parties and private press also came into existence. Currently, there are more than 5000 civil society organization in existence. Three parliamentary elections have already been contested by political parties since 1990. In 1999 the first presidential elections were also held and in 2006, the second multiparty presidential elections will be held.

In 2000, the first local authority's elections were held. Many political parties and independent candidates took part in those elections. Currently, preparations are under way to hold the second local authority's elections in 2006. A new Ministry for Human Rights was created which would become the authority responsible of overseeing all issues related to human rights. The Council of Ministers in 2004, issued decision number 129 for the year 2004 for the

application of executive measures and coordination of activities of the Ministry of Human rights with that of other Ministries. Yemen has cooperated with concerned international organizations working in the field of human rights, particularly those emphasizing on economic and social rights.

With the objective of improving governance to benefit the poor, the Government has carried out a number of institutional reforms. Leading such reforms is a review of all fiscal legislations such as the investment law, the banking law, the central bank law, the commercial agencies law and other economic related legislations. The government also initiated civil service reforms which aim at improving the efficiency of government administration and drying out the sources of corruption. Judicial reforms have been given special attention where judicial inspection has been revived. In fiscal reforms, the public budget restructuring has taken place to adopt new budgetary classifications in line with international standards with the objective of achieving higher degree of transparency and accountability. In addition, an ambitious program to reform the banking sector is underway. Measures have been enacted to ensure the soundness of this sector and to revive its role in the economic cycle. Tax reforms have faced a set of constraints, specifically, the implementation of the sales tax law. However, the government was determined to implement the law starting 1/7/2005. There is no doubt that this would constitute a qualities step forward in the tax policies of the country. In financial management, we could safely say that major achievements have been made towards this end. An information technology contractor has been contracted to carry-out a computer information system. Various sectors within the Ministry of Finance have been discussing with the contractors IT experts the appropriateness of such a system to the financial conditions of the country.

Despite the obstacles facings the civil service reforms, actual implementation of the main reforms have started following the surveys. The implementation of the electronic finger printing of government employees will start in 2005. The Ministry of Civil Service and Insurances has prepared a wage strategy which has been ratified by the parliament and went into force starting July, 2005.

In the field of judicial reforms, a strategy to reform the judiciary has been prepared. Components of this strategy are expected to commence implementation in 2006. Judicial rotation has been implemented beginning 2006. The implementation of these measures is expected to lead to higher rates of economic growth.

Commitment 3: Building human and institutional capacities

The political leadership was aware that the best mean to deal with poverty is not just to look at the show from a moral perspective, but rather from a legal perspective. Citizenship means that there are rights for a citizen in his/her own country. The assistance of a citizen to another, as much as it is a moral and religious duty, is also a national duty. Many of the indicators show that the government has given priority to investment in human capital, especially in education and health. The political leadership has worked on assisting citizens who have fallen into the poverty cycle. It has been keen not to enable the poor to break through this cycle, but to protect their rights from any form of exploitations as a result of the vulnerable situation that they have become in by virtue of being poor. It has also worked to create an appropriate environment in which they can exercise their rights.

1. Education

Education is one of the basic human rights. A human being can not become a social, humane and civilized being unless he/she has obtained the minimum level of education. There is a general consensus that the minimum level of education is the basic education level. On this basis, the State and the civil society organizations have been working to provide this basic right to all individuals. As it is well known, the right to education doesn't end at this level, but extends to all levels of education although under less restrictive conditions.

Out of its commitment, the government has worked to increase public expenditures allocations for education in general and for basic education in particular. Education received a share of 17.2 % of the public expenditures in 2003. Likewise in 2004, it received 16.97%, amounting to about 4.5 % of the GDP. In addition to the government effort to improve the basic education levels, there are efforts by independent institutions, international organizations and friendly countries. Education, in General, and basic education in particular receive a lion's share of the activities by the Social Fund For Development and the Public Works project. In support of such effort, the World Bank, in cooperation with donors, has sponsored the implementation of a number of basic education projects. The Basic Education Project, one of these projects, began implementation in 2001 in four districts of the governorate of Sana'a. The project expanded its scope of work in 2002 to cover 50% of the districts of the governorates of Sana'a, Amran, Mahwet and Al-Dhalea. It was later expanded to cover all the districts of the four governorates- 61 districts in total.

A fast track project was launched as an incentive grant to support the basic education supported by a ten-million dollars budget. This project supported basic education in the governorates of Al-Baidha, Dhamar, Hodeidah and Hajjah. Part of this grant was allocated to the governorates of Al-Jouf, Shabowah and Lahej. It can be seen that the increased government and non-government allocations for education have reflected positively in educational indicators. It has increased the number of basic education schools from around 9930 schools in the year 2000 to 10293 schools in 2002 and by the year 2004 the number of schools increased to 10684. This has resulted in an increase in the number of classrooms of 97462 classrooms in 2003 and 98329 classrooms in 2004. The rural parts of the country received more than two thirds of the number of schools and classrooms. These figures are in addition to the increasing number of private schools.

A linkage has been made between the improvement of basic education and the efforts to combat poverty. Priority was given to programs for the improvement of basic education in poor governorates. In these governorates, material and moral support is also given to the poor families in these governorates. Children who come from poor families, those who are covered by the Social Welfare Program, have been exempted from school fees and have been included in the food distribution programs- Flower and oil given to poor students and their families. This form of assistance covered 106169 girls in 1272 schools. In addition dry meals have been allocated to 248244 girls in the basic education level in various parts of the country in the year 2004. As a result of these efforts, basic education has improved whereas the rates of enrolment in the basic education level (6-14 years) in 2000 were around 62% of the age group. These rates have increased in the basic education level to 67.8 for both sexes and 54% for girls in 2003 and to 69% for both sexes in 2004.

Capacity has risen, in the basic education level from 59.99% in 1994 to about 66.42% in 2000. The capacity has differed between age groups. Levels of enrolment increase at the age of six rising to the highest value at eleven years and then starts to go down. Therefore, many

of the schools are still operating two sessions a day, one in the morning as a basic education school and one in the evening for secondary schools levels. In non-mixed schools, the morning sessions have been allocated for girls and the evening sessions for boys.

Levels of illiteracy reached 47% amongst the age group of 10 years and older in 2003; compared to around 55.9 in 1995. There are two basic source feeding illiteracy in the country: First, the elderly who didn't have any educational opportunities. The second, are those dropping out of schools from the current educational system,. To deal with this situation, the government established a non-formal literacy program for adults. In 2004, there were 945 centers, 299 in the urban areas and 646 in rural areas. The total number of enrollees in alphabet literacy programs totaled 609070 persons during the past ten years. This figure represents a small number when compared to the total number of the illiterates in 2000 which was around 5118599 persons. Enrollees in training and basic skills development programs reached 6219 persons. The budget for the literacy Agency in 2004 was around 312 Million YR. This is about 0.04% of the total public expenditures. In 2003, the number of enrollees in literacy centers reached 45270 persons. It increased in 2004 to about 50663 88% of that are women.

A two year technical education systems is in place. It starts after secondary education level. Technical education includes a number of industrial, agricultural, veterinary and commercial fields. Vocational training, on the other hand, starts following basic education certificate and is for a two or three –year period. It also covers a number of fields such as construction, Car mechanics, electricity and other specialties. The total of enrolled students in this type of education has increased from 6707 students in 2000 to 17152 students in 2004. Girls' enrollment is very low in this type of education. In 2004, only 10.4% of the total enrollees were girls.

Due to the significance of technical and vocational education in the effort to combat poverty and to achieve higher rates of economic growth, the government exerted increased efforts to develop this type of education. In 2003/2004, the number of enrollees in the 2-year training institutions reached 6066 and in the 3-year system institution reached 3304 females and males. The number of enrollees in the 2-year technical institutes reached 3058 and the number of enrolled in community colleges reached 1216 females and males in 2002/2003.

The poor have benefited from technical and vocational education. The total number of beneficiaries from cooperative training programs in 2004 was 964 trainees. They were distributed to about 230 productive, industrial administrative and agricultural workplace. Also, 2823 trainers of whom 882 women trainers have been trained in short courses covering various skills and specialties.

The total number of students in the secondary school level has reached 588995 female and male students in 2003/2004 from 484573 students in the year 2000/2001. the secondary education enrollment rate has reached 39.9% amongst the age group of (17-19). The number of students at the university level in 2004/2005 was around 200700 while in 2000/2001 there were only 181200 students. The level of enrollment in the university education level is about 9.8% for the 19-24 years age group. In 2003, the Ministry of Higher Education, adopted a new strategy for higher education which aimed at restructuring of government universities and regulating private universities with the objective of aligning the educational system with the demands of the labor market. The Private Universities Law of 2003 was issued with the aim of encouraging private universities to move towards the sciences. In 2004, the Higher Education and Scientific Research Strategy was adopted. This Strategy aimed at improving

the practical and educational levels and to raise the standards of educational service as well as to make them accessible to the poor.

2. Health

The right to health requires the provision of health care services which cover both the body and the mind required by the people. Top priority for primary health care targets the eradication of contagious diseases through immunization and other preventive measures. At a later stage, comes health services for those with life threatening diseases or those who incapable of taking care of themselves. The government performance assessment in fulfillment of its commitment to the international economic rights convention with regards to health can be made through the monitoring of developments in the country's public health system. The government increased allocation of the health sector to about 3.7% in 2004 from the total public expenditures, and to 1.3% of GDP during the period 2000-2004. There has been large improvements in existing hospitals which total more than 70 public hospital. These hospitals have been supported with new equipment, construction of new wards and an increase of health centers and health units. During the years 2003 and 2004, more than 28 health centers and 105 health units were built. The rural areas have been the recipients of most of these facilities. The fifth stage of the standardization of health staff was implemented. 2002 health workers were employed amongst them were 229 midwives. 23 training sessions were held for folk midwives and 22 training session on birth emergencies were held. 53 training sessions in integrated childcare were also held.

Fertility health improved remarkably also. In 2004, it covered 63%, The number of pregnant women who don't receive any type of care has been reduced from 74% in 1997 to about 55% in 2003. Newborn mortality rates were reduced from 37 newborn per thousand births in 1992 to around 35.7 in 2003. Mortality rates amongst children under the age of five were reduced from 105 children per thousand in 1997 to 99.8 per thousand in 2003. Noticeable improvements were also seen in the immunization of children against the six deadly diseases. It reached 67% in 2004. Yemen made great strides in the control of endemic and contagious diseases. Malaria infections receded from 35% in 2001 to 26% in 2003. Coverage of efforts to combat TB reached 98%.

The government has prepared a national strategy to prevent and combat AIDS in 2003, which entered into force in 2004. The strategy consists of a number of components including awareness, prevention and care.

Focus has been given to the poor segment of society in the provision of health services. Despite the revival of the cost sharing in the health service, the government continued to bear the biggest share of such costs. The poor are exempted from fees and are receiving free medical services. At the same time, the government has allowed the private sector to provide health care services to the people and to improve the quality for such service by creating a climate for competition. It has allowed the public sector to provide subsidized and free health care services to the poor.

The government is aware of the importance of the health sector; therefore, it is working to reform it in order to enable it to expand its coverage and to improve quality of the services it provides to the people. Within this framework, concentration on preventive health, enhancement of the supervisory role over private health services, improvement of health management, restructuring of the sector and increasing coordination between the private and the public sectors.

3. Decent existence

Despite the drought of the last years, Yemen has not faced any food crises. Food supplies were in abundance in all areas of the countries at stable prices. This is due to government policies which liberated trade, distribution of commodities and prevention of monopolies of such commodities. The Yemeni currency has been stable. The right to decent existence is also linked to changes in the resources available to the citizens for acquiring a decent home, clean drinking water and security. The achievement of this is linked to the levels of economic growth, distribution of income and the quality of public services such as water, power and sanitation. It can be said that Yemen doesn't face any housing crises. Any one who is looking for a home can get one either through ownership or lease. There is no indication of any type of housing crises. House rentals are rather stable.

The type of housing in Yemen is acceptable. Most of the houses are built with modern type of construction materials. In many areas of the country, houses are built using stones which provide an acceptable level of protection. There are no shanty towns in the country.

Table 4 some housing indicators for the year 2003

Housing condition	Urban	Rural	Total
% of families living in an independent home	67.6	79.6	79.8
% Families owning their homes	56.9	66.1	63.9
% Families with cement flooring	82.6	39.2	49.3
% of houses with public water supply	52.4	9.6	19.5
% of families with water supply inside the home	45.3	10.1	18.3
% families with electricity for lighting	94.3	30.1	45
Average number of rooms	3.1	2.5	2.6
Average number of persons per room	2.2	2.5	2.4
Average number of persons per bedroom	3.1	3.5	3.4
Environmental conditions	Urban	Rural	Total
% of families with bathroom in house	90.4	46.8	57
% of families with a bathroom connected to a sewage network	43.9	2.5	12.1
% of families with a kitchen inside the home	84.1	52.2	59.6
% of families having a covered garbage container	68.6	13.4	26.3
% of families who have waste collection	77.8	15.8	30.1
% of families who remove their garbage daily	60.7	16.4	26.7
% of families leaving in a clean surrounding	53.7	32.5	37.4

Indicators show improving living standards in Yemen in comparison with similar developing countries. Despite that, some other indicators require effort to improve the situation such as water, electricity and sanitation services.,

Commitment 4: Building productive capacities to make globalization work for the least developed countries

Due to the fact that about 74% of Yemen's population live in dispersed settlements in the rural side of the country, provision of infrastructure is very difficult. However, despite the difficulty, the government has given infrastructure top priority and many achievements have been made to this end. Indicators show that major advances have been made in road service, ports , airports, post and communication, electricity, city planning and the implementation of

contracts, dispute resolutions, fight against forgery and imitations and the setting up of quality specifications and standards as well as other requirements which would encourage individuals and organizations to expand their legitimate and beneficial activities.

Table (5) Infrastructure indicators

Type of infrastructure	2001	2002	2003	2004
Electricity: installed power (M.W)	829	1011	1086	1110
communication:				
Postal offices	192	192	192	192
Number of public phone lines (Thousands)	422.2	542.2	684.9	798.1
Number of Mobile phone lines(Thousands)	147.8	412.2	675.1	843.9
Roads:				
Asphalted Roads (K.M)	7553	8445	9177	10077
Paved Roads (K.M)	6428	7627	8730	10162
Transportation:				
Private Cars	30943	13780	7930	27535
Taxi Cars	6457	4546	2650	4307
Commercial Trucks (Lorries)	16507	9082	6659	19934
Airports(number of arrivals in Thousands)	691	705	664	747
Airports (Number of departures in thousands)	647	657	647	742

Roads, the veins of economic development, facilitate links between the various parts of the country and the outside world. Many of the inhabited areas of the country are located in very difficult terrains making transport a difficult and costly affair. The lengths of asphalted roads increased from 7553 KM in 2001 to about 11000 KM in 2004. Paved roads increased from 6428KM to 10161 km during the same period. In addition, nearly 1.6 Million square meters of urban roads were completed and many existing roads were maintained. In spite of such accomplishments, expansion in the construction of roads especially strategic ones should continue since they are slated link production centers with consumption centers and would link the mountainous areas with the coastal plains.

The government has liberalised the communication sector and opened the way for the private sector investment to provide communication facilities within the cities and in between and between Yemen and the world. The government recently banned the import of old vehicles with the objective of improving the transport sector in the country. On this basis, a review of customs and tax tariffs as well as production and consumption taxes on transport vehicles took place. The aim is to encourage the private sector to invest in the field. Yemen Airways, which is owned by the government of Yemen and the government of Saudi Arabia, is still the only national flag carrier and monopolizes internal transport but is competing with a number of other airlines for international transports. There are a number of international and local airports in the country which can efficiently serve air transport. The Third Five-Year Development Plan aims at encouraging foreign airlines to use Yemeni airports considering that Yemen is in the cross-roads between east and west. The plan will aim at improving air transport services and promote private investment in the operation of the country's airports.

Yemen has nine sea ports located in the Red Sea and the Gulf of Aden as well as on the Arabian Sea. The Most important port is the Aden port, which enjoys many of its natural site

features, the shallowness required for large ships. A container terminal has been built in Aden. The government is, presently, implementing a project to develop ports with the aim of increasing their capacities and quality of service. Yemen is planned to become a major player in regional trade especially in the re-export services market. The government of Yemen is also working to strengthen its coast guards in order to enhance the security in the Yemeni ports and therefore, boosts confidence and economic development.

Yemen has made many achievements in the wireless and wired telecommunication sector. The biggest part of a new fiber optic network has been completed. This network covers most Yemeni territories and is linked to an international cable. Capacities of switches have increased from 540 thousand fixed lines in 2001 to about 1244 thousand fixed lines in 2004. The telephone density in the fixed network has increased to 22.4 lines for every one thousand person to 40.5 lines every 1000 person in the same period. Expansion has also taken place in rural areas reaching a total of 126 thousand lines. The internet, the number of subscribers to the internet increased to 118 thousand in 2005 making the density of the internet at 5.78 subscribers for every 1000. In the postal service, the number of post offices in the country is 192 offices in 2005. That is an increase of 2.7%. Two private sector mobile telecommunications companies and one government mobile service have been established. Licensing for a fourth mobile telecom operator is underway to cover the entire country with mobile telecommunications. Competition between these companies is expected to lead to improved services and reduced cost of delivery of such services.

Available electricity is not sufficient meeting current demands, despite installed power from 829 M.W in 2001 to 1110 M.W in 2004. This was an annual growth of 6%. The percentage of coverage in 2004 was 36% of the population. Demands is growing at a rate far higher than supply. This is in addition to the difficulties of extending this service to secondary and remote areas. Although the government is supporting power generation through subsidized fuels, the unit cost is still high in comparison with other countries. The government is working to reform this sector through restructuring of the Public Electricity Corporation to enable it to function as a commercial entity. The government is also working to increase its productive capacity through the financing of a gas-powered plant in Mareb. At the same time, it is also encouraging the private sector to investment in all phases of power generation, transport and distribution.

Urban planning is linked to the expansions of cities and the migration of the population from rural areas to the urban areas. Urban population constitutes openly 26% of the total population of the country. Urban services cover city planning and beautification and environmental protection. During the period from 2001 to 2004, more than 100 land use plans were completed. Considerations were given to provide appropriate street networks and harmonization of constructions. In 2004, the number of construction licenses issued reached 7815. Despite efforts to curb haphazard settlements, expansion of such settlements in the capital and the city of Aden is still in existence. The Ministry of Public works estimates that 764 Hectares in Sana'a and 403 hectares in Aden are occupied by such haphazard settlements. The government is continuing urban planning activities and is working to contain haphazard developments and at the same time dealing with the existing situation during the period of the third five-year plan. In addition to improvement of city access roads, establishment of monuments, expansion of green areas and public parks. With respect to the environment, the length of asphalted streets has reached 704 km in 2004. Local councils have been involved in this operation to give strong input to this activity in the future.

The relevant ministry has increased its inspection campaigns to provide an acceptable level of sanitary and hygienic conditions in hotels and restaurants. Slaughterhouses have been built in main cities to ensure hygienic meat delivery to the population and to stop pollution caused by the randomness of such operations. The Ministry in cooperation with other agencies regularly spray pesticides to curb the spread of epidemics. Street cleaning campaigns and waste collection and disposal campaigns have been organized in a way which ensures that repeated pollutions do not happen.

Commitment 5: Enhancing the role of trade in development

Oil exports have continued to form the biggest exported product totaling around 91.4 of the total values of exports during the period from 2001-2004. Agricultural products represent 40% of non-oil export products. Industrial products, on the other hand, constitute only a small percentage of exports. Despite liberalization of foreign trade and a review of the customs tariffs, the impact on exports is still limited. This is caused by the major imbalance between customs tariffs on imported goods and on production inputs, in addition to enhancement of the mechanism of export promotion, and exemption of exported products from Tariffs.

Commitment 6: Reducing Vulnerability and protecting the environment

The government has increased efforts to provide social protection. Allocation for social welfare has reached a total of 1% of GDP. In 2004, the Ministry of Social Affairs and Labor looked after and rehabilitated 3312 handicapped males and 1173 handicapped females, 3435 orphans and 55 girl orphans, 847 juveniles and 52 female juveniles who are in trouble with the law. The Ministry also took care of around 300 street children, 1158 poor children and 2977 poor girls. In addition to targeted programs for social welfare, there are other funds which deal indirectly with issues of social protections. The most important is the Agricultural production and Fisheries promotion Fund, the Road maintenance Fund, the School maintenance Fund, the Youths welfare Fund and others. In 2004, the total allocations for all of these funds amount to 20 Million RY.

With regards to the fund directly involved in the provision of social protection, there is the Social Welfare Fund and the Social Fund for Development and the Public Works project. In 2004, the Social Welfare Fund provided cash assistance to about 650 thousand cases amongst the poor, orphans and widows. The Funds performance has been improved by updating criteria and outreach mechanisms to the poor through postal services. 80% of beneficiaries were reached through the postal services in 2004. The government is also working to increase the number of cases covered by such assistance, amounts and improved management of such assistance.

The activities of the social Fund for Development included implementation of educational projects which represented 62% of the total projects, 8% went to health, 14% to water 8% to roads, 6% to environment and the rest went for training and promotion of small scale enterprises targeting impoverished areas. The Public Works project is working to provide new job opportunities through the implementation of educational, roads, health and water projects. The community development and handicapped rehabilitation program provides financial and technical support to income generating projects targeting poor women. It provides them with financial and technical assistances to create income generating projects. In total, 1120 projects on social protection were implemented in 2004 at a cost of more than 87.4 million dollars covering most segments of society.

There are also support mechanisms for social programs in place, notably, the social insurances which included private sector organizations and the government sector. These mechanisms provide protection to individual and families in cases of injuries and disability, retirement or deaths. The number of insured persons reached 71103 individuals in the private sector in 2004 working in more than 5937 work place and 474879 government employees.

Social protection efforts had put special emphasis on women. In addition to program directly targeting women, the legislative and cultural legal framework has been support. Republican decree on law number 25 for the year 2003 provided for the reorganization of the High Council for Women and provided expanded legal authority to integrate women in development. The Council of Ministers also adopted the Women Development Strategy in 2003 which aim at improving the status of women and to enable them to socially integrate and to widen women participation in economic, social and political activities. Many women have been elected to the local councils and activities are in place to provide a suitable environment to increase the number of women representatives in the parliament.

The government is working to protect the environment. Its institutional building in the field of environment has been greatly enhanced. An Independent Ministry is now in place. The ministry of Water and the Environment is now functioning. A restructuring of the Ministry’s units have been done to increase the coordination capacity in the field of environment protection. A review of the Environment Protection law of 1995 has also taken place. The law has been amendments and its bylaws have also been reviewed. Law number 16 for the year 2004 for the protection of the marine environment from Pollution was also issued. A Council of Ministers decision on control of Ozone depletion substances was also issued. Another Decision by the council of Ministers approving Yemen’s joining the Kyoto protocol for environment protection was also issued. Conservation areas have also been established. Preparations are also underway to declare more conservation areas, notably, the island of Socotra.

Committeemen 7: Mobilizing financial resources

The government has succeeded in exercising fiscal disciplines through the preservation of the budget deficit ratio within safe limits. This was done win the objective of achieving economic stability and increasing private savings.

Table (6): Public budget, sources of financing (% of GDP)

Indicator/year	2001	2002	2003	2004	2005
Deficit/surplus(net)	2.4	-0.8	4.1	2.0	-2.9
Deficit/ surplus(total)	2.7	-0.5	-4.2	-2	-4.1
Foreign financing	-4	-0.3	0.1	0.2	1.2
Local financing	-2.4	0.8	4.1	1.8	2.9

Monetary policies were effective in preserving acceptable stability during the period 2001-2005. This was due to the reforms which were adopted especially treasury bonds which were used as one of the instruments of the monetary policies. Cash supply growth was put under control. Despite the efforts by the government to encourage personal savings and private investment, it didn’t seem sufficient. Therefore, the government is adopting new policies which aim at increasing personal saving and investment and consequently rates of growth.