reports

Department for International Development

EVALUATION REPORT EV706

FEBRUARY 2010

EVALUATION OF DFID COUNTRY PROGRAMMES: YEMEN

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OVERVIEW OF COUNTRY PROGRAMME EVALUATIONS

DFID has a rolling programme of Country Programme Evaluations (CPEs) with 5 or 6 evaluations of countries or regions per year. A synthesis report pulling together findings from 5 recent CPEs is also produced annually. CPEs are challenging evaluations attempting to provide an overview of the entire DFID programme over a 5 year time frame and evaluate whether DFID made appropriate strategic choices in the given context and delivered effectively. CPEs are ideally undertaken in the year prior to development of a new Country Assistance Plan, as they are designed to meet DFID's needs for lessons that can inform future strategy and programming, as well as accountability for funds spent at country level. CPEs are intended for a wide audience including DFID's country office staff and partners, senior DFID managers in the relevant regional divisions and members of the public/ other stakeholders.

Each CPE is managed by DFID's Evaluation Department and carried out by 4-6 independent international consultants with a mixture of evaluation and development skills. The terms of reference for the CPE programme include a generic evaluation framework closely linked to standard evaluation criteria; this is customised a little for each individual evaluation (and annexed to the report). For CPEs, interpretation of each of the evaluation criteria is as follows:

Relevance – CPEs should provide high quality, well evidenced material and judgements on whether 'DFID did the right things'

Effectiveness – CPEs should examine key interventions and partnerships and identify and explain successes and failures

Efficiency – CPEs should tell a narrative around the allocation of resources (financial and staffing) to deliver the results DFID was hoping to achieve

Impact – CPEs cannot produce new information on impacts attributable to DFID, but should consider DFID's contribution to long term outcomes

Sustainability – CPEs should discuss evidence on progress towards sustainability in terms of ownership of reforms, capacity development and resilience to risks.

Typically CPEs comprise a one week inception mission to the country to make contacts, scope the boundaries of the evaluation, customise the generic evaluation matrix and make decisions around issues such as field visits. The main CPE fieldwork then takes place around a month later and lasts up to three weeks. DFID's Evaluation Department provides each evaluation team with a large documentary evidence base comprising strategies, project/ programme information and context material sourced from a thorough search of paper and electronic files, DFID's intranet system and the internet. During the fieldwork the team interview stakeholders in country and current and past DFID staff. A list of people consulted is annexed to each study.

The views expressed in CPE reports are those of the independent authors. The country office can comment on these in a 'management response' within the Evaluation report. CPE reports are quality assured by an independent consultant who has no other involvement in the CPE programme.

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Evaluation Working Paper/ Evaluation Report EV706

Country Programme Evaluation: Yemen

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February 2010

This report should be cited as Jon Bennett, Debi Duncan, Ines Rothmann, Sushila Zeitlyn and Ginny Hill, DFID Country Programme Evaluation, Yemen.

Acknowledgments

We are grateful to all of those who made time to speak to us, present and past members of DFID, other UK Government Departments, development agencies and NGOs, and contacts from the Government of Yemen. A summary list of those consulted is at Annex 1.

Particular thanks are due to Lynne Henderson and Mark Herbert from DFID's Evaluation Department and to David Fleming and Daisy MacDonald from ITAD for help with the programme, and with locating documents and information. Dylan Winder (DFID Yemen) coordinated the programme for visits in Sana'a and London.

Full responsibility for the text of this report rests with the authors. In common with all evaluation reports commissioned by DFID's Evaluation Department, the views contained in this report do not necessarily represent those of DFID or of the people consulted.

Preface

This evaluation of DFID's country programme in Yemen is one of a series of regular Country Programme Evaluations (CPEs) commissioned by DFID's Evaluation Department. The studies are intended to assess the relevance and overall of the country programme performance, contribute to lesson learning and inform the development of future country assistance strategy. Collectively, the CPEs form an important element of DFID's corporate accountability and enable wider lessons across the organisation to be identified and shared. In this case, the findings and recommendations have contributed to Synthesis of Findings on DFID's engagement in Fragile States, due to be published in January 2010.

The evaluation was carried out by a team of independent UK and national consultants, led by ITAD Ltd. The evaluation focused on DFID's programme during the period 2003-2008 and was managed by Lynne Henderson and Mark Herbert of Evaluation Department (EvD). The evaluation was carried out between April and June 2009 and is the last in the series that applied a standard evaluation framework.

In accordance with EvD policy, considerable emphasis was placed on involving the DFID staff and other partners during the process and on communicating findings. In addition to an inception period that raised key issues for the evaluation, staff were invited to discuss findings at a workshop during and after the evaluation field work, offered written comments on the draft reports and contributed a formal "management response", which is included at the end of this report.

The evaluation acknowledges the contribution made by DFID to development in Yemen, most notably as a leader on aid effectiveness in Yemen. It covers a period of significant scaling up of the programme and finds that arguments for scaling up were both convincing and urgent. The close relationship between DFID and other departments of the UK government, as demonstrated through a joint HMG strategy, provided an important unified approach to discussions with the Government of Yemen. However, it also finds that the ambitious scale and scope of the programme has sometimes been at odds with the resources available to engage efficiently with partners in country. As in many fragile states, addressing capacity constraints demands individual, predictable and regular contact and input.

This has been an important lesson learning opportunity for DFID, particularly as there was no previous requirement for a country assistance plan given the size of the programme. We are pleased that the report was timely and helpful to the country office in feeding into their country planning process and the development of a joint HMG strategy. EvD would like to acknowledge the contribution made by the evaluation team itself, as well as DFID staff and development partners in Yemen.

Nick York
Head of Evaluation Department

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We are grateful to all of those who made time to speak to us, present and past members of DFID, other UK Government Departments, development agencies and NGOs, and contacts from the Government of Yemen. A summary list of those consulted is at Annex 1.

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Abbreviations

AHA	Aid Harmonisation and Alignment
BEDP	Basic Education Development Programme
BEDS	Basic Education Development Strategy
CAS	Country Assistance Strategy
CDOs	Community Development Organisations
CG	Consultative Group
CPE	Country Programme Evaluation
CPIA	Country Policy Institutional Assessment
CPP	Conflict Prevention Pool
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DFID	Department For International Development
DPA	Development Partnership Arrangement
DPPR	Development Plan for Poverty Reduction
EC	European Commission
EMOP	Emergency Operation
EU	European Union
EvD	Evaluation Department (DFID)
FCO	Foreign and Commonwealth Office
FTI	Fast Track Initiative
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFS	Government Finance Statistics
GIEI	Good International Engagement Initiative
GoY	Government of the Republic of Yemen
GPC	General People's Congress
GST	Goods and Services Tax
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HMG	Her Majesty's Government
HIPC	Heavily Indebted Poor Countries
IDB	Islamic Development Bank
IFC	International Finance Corporation
IJSD	Integrated Justice Sector Development
IMF	International Monetary Fund
IMWG	Inter-Ministerial Working Group
JPP	Justice and Policing Programme
LDC	Least Developed Country
LNG	Liquid Natural Gas
M&E	Monitoring and Evaluation
MDG	Millennium Development Goal
MENA	Middle East and North Africa
MFIs	Micro Finance Institutes
MNH	Maternal and Neonatal Health
MNHP	Maternal and Neonatal Health Programme (DFID)
MoE	Ministry of Education
MoF	Ministry of Finance
MoH	Ministry of Health
MoLA	Ministry of Local Administration
MOPHP	Ministry of Public Health Policy

MOPIC	Ministry of Planning and International Cooperation
NAP	National Aid Policy
NAR	National Agenda for Reform
NGO	Non-Governmental Organisation
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
PAU	Project Administration Unit
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PFMAU	Public Financial Management Advisory Unit
PIP	Public Investment Programme
PIU	Project Implementation Unit
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
PSA	Public Service Agreement
PSD	Private Sector Development
RNE	Royal Netherlands Embassy
SEDGAP	Secondary Education Development and Girls Access Programme
SEDPPR	Socio-Economic Development Plan for Poverty Reduction
SEFM	Strengthening Economic and Financial Management
SFD	Social Fund for Development
SME	Small or Medium Enterprise
SNACC	Supreme National Authority for Combating Corruption
SSR	Security Sector Reform
SWAp	Sector Wide Approach
TA	Technical Assistance
UAE	United Arab Emirates
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNFPA	United Nations Population Fund
WB	World Bank
WFP	World Food Programme (UN)

Executive Summary

Political and Development Context

S1 Yemen is a 'fragile state' and the only low-income country in the Middle East. It is significantly off-track in reaching all but one of the MDGs (HIV/AIDS). More than a third of the population lives in poverty. Nearly half of Yemen's 22 million citizens are under 15, and the 3.6% annual population growth rate is one of the highest in the world[1]. Unemployment stands at 35%[2]. Yemen consistently ranks last in the World Economic Forum's Global Gender Gap Index[3]. Food security is deteriorating and Yemen has one of the lowest water per capita availability rates in the world.

S2 Yemen's oil sector provides 90% of export earnings and 75% of government revenue but oil production has passed its peak and output is declining. Yemen Strategic Vision 2025 is the reference point for policy makers; it is underpinned by the new five-year Development Plan for Poverty Reduction (DPPR) running from 2006 to 2010. However, there is still little evidence of strategic planning informing the budget process, and budget outcomes routinely deviate from plans[4]. Public Financial Management (PFM) is weak, and reporting and monitoring of expenditure and results has been poor. Public expenditure on health stands at 1.9% of GDP[5], and in public education at 5.8 % of GDP[6].

S3 The patronage system as a means of governing is pervasive in Yemen, with the distribution of oil rents being central to this. In 2006, President Saleh sponsored a National Agenda for Reform (NAR), and there have been some improvements in governance as a result, sparking more confidence among Western donors. However, Yemen's macro-economic crisis, forced by diminishing oil production, is now eroding the revenue base, with profound implications for national stability.

S4 Yemen faces a southern separatist movement, resurgent terrorist networks and an erratic civil war in the northern province of Sa'dah. The regime's capacity to respond to these challenges diminishes as the macro-economic strain increases. There is a real and immediate prospect that the regime will lose its ability to maintain the status quo, and Yemen will fragment, with implications for stability throughout the Arabian Peninsula, the Gulf of Aden and the Horn of Africa.

S5 Yemen remains heavily under-aided relative to other low-income countries, with only a small number of international donors. It receives less than $13 per capita per annum (pa), compared to $33 per capita pa in other Least Developed Countries (LDC). Total

[1] UNICEF, State of the World's Children 2008.

[2] New York Times, A Poverty Plan, 3 June 2009.

[3] The Global Gender Gap Report, World Economic Forum, 2008.

[4] DFID, Engagement in countries in fragile situations: A Portfolio Review, Case Studies, Evaluation Report EV702, January 2009, p. 17–30.

[5] UN (2008) ibid.

[6] World Bank Country Status report, Yemen, July 2009.

donor support declined from $700 million during the 1990s to $350 million in 2006[7]. Saudi Arabia is the largest bilateral donor to Yemen, followed by the United Arab Emirates (UAE) and Qatar. The member states of the Gulf Cooperation Council (GCC) represent nearly half of bilateral Overseas Development Assistance (ODA) pledges for the period 2007–2011.

S6 The OECD 2006 Paris Declaration Baseline Survey[8] shows no aid recorded on budget for Yemen, reflecting the fact that no mechanism existed for the inclusion of donor funds in the annual budget. By contrast, the 2008 Survey[9] results report a substantial increase, with 33% of total aid disbursed recorded in the national budget. The increase is a result of securing government counterpart contribution to donor-funded projects.

S7 DFID Yemen has increased its allocations tenfold during the review period, from £2 million in 2003 to £20 million in 2008/09. DFID's decision to scale up engagement in Yemen was prompted by high poverty levels and low levels of aid per capita by UK and other donors. The scale-up was accompanied by a Development Partnership Arrangement (DPA) signed in August 2007, including a series of benchmarks for both parties that are reviewed annually.

S8 DFID does not provide budget support to the Government of Yemen (GoY). Rather, it provides support through programme-based approaches on Maternal Neonatal Health (MNH), Secondary Education (SEDGAP), Basic Education (BEDP) and the Social Fund for Development (SFD, which takes some 60% of total DFID spend). DFID also supports a justice and policing programme, humanitarian assistance (through the United Nations (UN) World Food Programme (WFP)) a number of technical assistance projects (Public Financial Management and multilateral capacity building) and co-financed programmes in the private sector and water.

S9 There was an early emphasis on health and education in the DFID portfolio, including community-based development through the SFD. An important counterpart arrangement was support to the Aid Harmonisation and Alignment (AHA) Unit in the Ministry of Planning and International Cooperation (MOPIC). In 2008 DFID established a number of new programmes, such as justice and policing, water resources management, and economic diversification (promoting non-oil growth by improving the enabling environment for businesses and investment).

DFID Strategy and the Challenge of Scaling Up

S10 DFID established a country presence in Yemen in late 2004[10], but there has never been a country engagement plan, or an overarching statement of DFID policy or strategy in the country. In 2009 a Country Plan was under preparation. The UK government's increasing interest in Yemen from mid-2005 and the downward political and social

[7] DFID, Yemen Programme Policy Focus, January 2009.

[8] OECD DAC, 2006 Survey on Monitoring the Paris Declaration.

[9] OECD DAC, 2008 Survey on Monitoring the Paris Declaration.

[10] Prior to a country presence, DFID's programme had concentrated on short-term TA inputs in strengthening economic and financial management, a programme of about £3 million in 2003.

trends that threatened regional as well as national stability, provided the rationale for rapid scaling up of the country programme. UK staffing increased and DFID took a lead in applying a 'fragile states' lens to the country analysis.

S11 A milestone was the Consultative Group (CG) meeting held in November 2006 in London. This was the fourth CG meeting for Yemen, and signalled a significant increase in pledged funds – approximately $4.7 billion, over 85% of the government's estimated external financing needs.

S12 The arguments for scaling up were both convincing and urgent. The close relationship between DFID and other departments of the UK government, demonstrated through a joint Her Majesty's Government (HMG) Strategy, provided an important unified approach to discussions with the GoY. For example, the DFID-commissioned Drivers of Change and Strategic Conflict Assessment studies undertaken in 2005 prompted a shift in focus away from purely Millennium Development Goal (MDG) issues to a new set of objectives around economic and political stability. DFID's choice of working through technical assistance and pooled funds was also appropriate given the strong needs for capacity building at individual and institutional level within Yemen's public sector, the fiduciary and political risks, and sub-optimal donor coordination.

S13 In the absence of a country strategy, there have been some issues over the convergence and complementarity between programmes as well as their sequencing. For example, the extent to which capacity building in Public Financial Management (PFM) impacts upon individual sector performances might have determined the choice and timing of investments in those sectors. Also, the strategic importance of pro-poor growth initiatives (notably in private sector development projects) relative to state building/governance and public administration has not been clear.

S14 The evaluation finds the arguments against general budget support convincing, since minimum requirements in terms of Public Financial Management and commitment to poverty reduction have yet to be met. The choice of project versus budget support is not exclusive. The delivery gains apparent in SFD, for instance, present interesting challenges over the merits or demerits of working through parallel quasi-government institutions whose performance outstrips anything the government can currently provide. Options over budget support at sector and/or local levels should continue to be explored as part of any new DFID country planning.

S15 The ambitious scale and scope of the programme has been at odds with DFID staff resources and the security constraints imposed, both in terms of numbers and movement within the country. The office split between London and Sana'a has not been conducive to efficient time management; nor, in some cases, to optimal use of staff capacities and continuity.

S16 Four projects within DFID's current portfolio are designated as high risk: PFM, Justice and Policing Programme (JPP), Islamic Development Bank (IDB) Yemen water project and WFP food aid. As we have discovered in other fragile states, risk inflation is often driven by two factors: firstly, a deteriorating security situation; and secondly, the difficulty associated with delivering a well-performing programme given government capacity constraints. A conservative risk-averse approach to Yemen programming would run contrary to the necessity to engage in 'difficult' sectors and/or geographic areas, so the expectation – indeed, the desire – would be to see a portfolio of higher risk projects accompanied by more robust mitigation strategies.

DFID Portfolio Performance

S17 The DFID Yemen portfolio has developed around four central themes: Rule of Law, Economic Management, Social Sector programming, and Aid Effectiveness.

S18 **Rule of Law.** DFID provided strong analytical studies (Drivers of Change, Strategic Conflict Analysis, 2005) and Conflict Audit (2008), each shared with GoY, but DFID had neither a clear strategy on how to build donor coherence around conflict prevention, nor for taking forward the recommendations emerging from the analytical work. Currently the regional conflict adviser spends an average of only 50% of his time on Yemen.

S19 Notwithstanding staff constraints, DFID could consider closer collaboration with the Conflict Prevention Pool (CPP), noting that there is a relationship between tribal conflict mediation project work conducted under the CPP, and DFID's JPP programme. DFID is aware, for instance, of parallel delivery of informal mechanisms of rule of law, which people turned to either in absence of, or lack of trust in, the formal system.

S20 DFID's Integrated Justice Sector Development (IJSD) project was highly relevant; the lack of security and access to justice is a barrier to poverty reduction, and law and order issues are viewed as a priority area to build state effectiveness. However, the project was overambitious, resulting in a disproportionate amount of time spent on management and process issues. Closer working relations were established with the Ministry of Interior than with Ministry of Justice. DFID helped establish a justice and policing sector coordination group with GoY and other donors, an effective information sharing forum.

S21 There was increasing concern over UN Development Programme (UNDP) management of the project. The partnership was discontinued after June 2008, and the project passed to an external management agent. It has not been possible to measure the impact of the programme since, in line with DFID's guidance for projects under £1 million, no output-to-purpose reviews, nor annual reviews, were undertaken.

S22 **Economic Management.** Support to PFM is very much in line with national development plans, including the PRSP process. The PFM strategy supported by DFID, UNDP and others brings previously disparate PFM activities together into a more coherent programme. Through its various components it aims to tackle key areas of PFM reform throughout the entire budget cycle.

S23 The evaluation found the programme to be overly optimistic and complex, probably inappropriate to Yemen's extremely low public sector technical and management capacity. There has been little prioritisation and sequencing within and across components, and the two-person Project Implementation Unit (PIU) was inadequate both in terms of the complexity of the programme and in promoting government ownership.

S24 The programme was implemented by UNDP, but not without significant problems such as as slow implementation, poor technical input and poor reporting. DFID tried to address the capacity issues of UNDP through a cost sharing arrangement for the UNDP PFM programme manager. Had DFID recognised sufficiently the reality of UNDP capacity from the start, expectations may have been more realistic. Stronger lobbying at headquarter or regional levels of UNDP and a permanent position of the economist in DFID country office would also have helped.

S25 Nevertheless, the project has seen some improvements in linking national policies with the national budget for the fiscal year 2008. It has also made all budget information publicly available on the Ministry of Finance website and there have been improvements in internal controls with the introduction of a new accounting manual and more comprehensive reporting.

S26 DFID's PRSP Support Fund paid for a number of baseline studies, including support for a household budget survey and census, and the Drivers of Change and Conflict Audit reports. Although under-used, the Fund also paid for an Oxfam PRSP Monitoring programme that proved highly successful. Oxfam engaged civil society in the Poverty Reduction Strategy (PRS) process through building effective partnerships in 10 districts between civil society and public actors at national, governorate and district levels. It has also helped to provide a gender perspective to the PRSP by engaging the Women National Committee.

S27 DFID's private sector work – grouped under the generic title of 'non-oil growth' – comprises two projects co-financed with the International Finance Corporation (IFC): (i) a Business Tax programme that has considerably improved the investment climate in Yemen, and has resulted in a significant jump in Yemen's ranking in the World Bank 'Doing Business' scores[11]; and (ii) a new Private Sector Development project (too early to evaluate yet) Another new project – not strictly private sector, though co-financed with a private bank, the IDB – is a Water and Sanitation project begun in late 2008. In terms of relevance there is a clear pro-poor focus in the project, which should help to improve access to sustainable drinking water and sanitation to over 36,000 people living in a poor city (Al-Howta) in southern Yemen.

Social Sector Programmes

S28 DFID's choice of programmes here was pragmatic in spreading institutional as well as exclusion risks between one quasi-governmental programme (Social Fund for Development, SFD) and three projects implemented through line ministries – the Basic Education Development Programme (BEDP), the Secondary Education Development and Girls Access Programme (SEDGAP) and the Yemen Maternal and Neonatal Health (MNH). Improvements in social exclusion and rural poverty indices have been difficult to measure[12], with existing data being superficial and contradictory[13]. The impact of the steep rises in food prices in 2008 have yet to be measured.

S29 The multi-sectoral **SFD** is something of a flagship programme for DFID in Yemen, having been supported from 2003 and proportionally absorbing the largest percentage of expenditure in the DFID portfolio. A nationwide programme, its targeting is well

[11] World Bank, Doing Business 2005. World Bank, Doing Business 2009.

[12] Annual trends cannot be discerned without comprehensive household surveys, and the next national survey is not due until the first quarter of 2010.

[13] Progress Report, Development Partnership Arrangement, August 2007–July 2008.

developed and effective; a DFID-supported 2006 evaluation[14], and a 2007 Joint Donor Review, confirmed that more than 70% of its funds reached the very poorest in selected districts.

S30 The participatory methodologies that underpin the SFD's community development approach is laying the foundation for communities to become active partners alongside districts and governorates, and encouraging greater transparency, equity in access to services, and increased accountability. The SFD has helped to nurture a more accountable NGO sector, supporting around 600. Many are women's income generating organisations, which lack basic financial and organisational skills that SFD provides.

S31 The SFD governance structure is over-reliant on the influence and support of political appointees, including its Director, the Deputy Prime Minister. Although the alignment with ministries has evolved over time, the issue of sustainability – particularly in view of the relatively low level of integration between SFD and local government – is a concern. SFD has a close partnership with the Ministry of Education but less so with other ministries.

S32 SFD targets were set at increasing enrolment rates in basic education by 10% from 2004 to 2008 in areas where SFD intervenes. In fact, these targets were exceeded in the first two years. The target was 300,000 children; the actual achievement was 430,640 by end-2006[15]. Other achievements include 56 new feeder roads in rural areas with social indicators suggesting that some 760,000 people now pay at least 20% less for basic commodities as a result of opening new markets[16]. Some 6,000 elected councillors country-wide and 1,000 district officials have been trained in their roles and responsibilities[17]. However, the main criticism following this work (highlighted in the 2006 Impact Evaluation)[18] was that, without fiscal decentralisation, the training was essentially done in a vacuum and could have undermined support for engaging communities.

S33 The SFD has education and health components that run parallel to the Ministry of Education (MoE) and Ministry of Health (MoH) provisions, even if the 'fit' with government policy is optimal. Its 'islands of excellence' are partly ensured by higher salary scales than GoY ministries, thus raising issues of sustainability and the appropriateness of supporting parallel structures.

S34 Within DFID's **education** portfolio, the evaluation found that the overambition of targets set by BEDP were confounded by poor statistical records kept by the MoE. In the first four years of the project, the Ministry of Finance had not released figures for the education budget and the MoE was not meeting targets set in its annual workplans. BEDP was slow to start implementation and ownership from the MoE has been

[14] SFD, 2006, Impact Evaluation,

[15] DFID, Performance Review, SFD Phase III, December 2006.

[16] DFID, ibid, March 2009.

[17] SFD, ibid.

[18] SFD, ibid.

limited. This was in part due to World Bank micro-management of the project which impaired good working relations with the MoE. DFID has tried to move towards a sector-wide approach (SWAp) from 2006 to 2008, with BEDP being regarded as a 'pre SWAp project', though there has been a lack of political will on the part of GoY.

S35 Notwithstanding notable progress in the SFD education programme, the overall basic education enrolment rate has not significantly risen against benchmarks set in the Development Partnership Arrangement (DPA)[19], though in terms of absolute numbers, an additional 298,233 children were enrolled from 2006 to 2007[20]. In terms of disparity between male and female enrolment rates, MoE statistics report that 24% more males than females enrolled in 2006/07, down from 28% in 2005/06[21].

S36 DFID Technical Assistance (TA) enabled the MoE to develop a Medium Term Results Framework as well as an Expenditure Framework in 2006. In 2009 a major redesign of programme targets, resulting from lessons learned in the first three years, was undertaken.

S37 SEDGAP aims to improve gender equity, quality and efficiency of general secondary education in selected districts, mostly in rural areas. It is too early for outcomes to be assessed; the evaluation notes, however, the complementarity in design between this and the BEDP and the efforts DFID advisers have made towards developing sector-wide approaches (SWAp) with GoY.

S38 In **health,** the Yemen Maternal and Neonatal Health Programme (MNHP), jointly implemented by United Nations Children's Programme (UNICEF)/United Nations Population Fund (UNFPA), has the objective of strengthening government capacity to ensure provision of and access to quality midwifery and obstetric services. DFID is a 'silent partner' donor, channelling its funds through – and entrusting the lead donor role to – the Netherlands.

S39 DFID's original project memorandum did not outline how district level service delivery would be possible under the current fiscal and legal arrangements available to district authorities; neither did it outline how it would effectively address chronic capacity constraints at this level. The objectives for the GoY's health sector were still very general and not yet prioritised or linked to the budget, and MNH health policy statements had not yet started to demonstrate any more reflection of the principles of inclusion, participation and accountability.

S40 DFID underestimated the complexities of joint UN working and the weak capacities of UNICEF and UNFPA in Yemen, themselves substituting for very low Ministry of Public Health Policy (MOPHP) capacity[22].The project was redesigned in 2007, with some

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[19] The MoE reported in 2008 an enrolment rate of 75.4% in 2006/07, an increase of 3% on the previous year, but still not at the level agreed in the DPA. Also, the GoY used a different baseline for the school age population than that agreed in the DPA.

[20] UK–Yemen Development Partnership Arrangement, 2007–2010: Progress Report (July 2008), citing the 2008 Joint Annual Review.

[21] As above, the caveat is that the GoY used a different baseline for the school age population than that agreed in the DPA.

[22] DFID, Performance Review, 27 July 2007.

improvements – notably in GoY ownership and the accessibility of family planning services – noted in the 2008 Review[23]. It is too early to tell if the project will meet its objectives; the evaluation notes, however, that interim progress will be difficult when the current Monitoring & Evaluation (M&E) system focuses only on mortality reduction and does not include morbidity.

S41 DFID continues to give **humanitarian** food aid assistance through the World Food Programme (WFP) in Sa'dah for some 77,000 people displaced by war. This is implemented by the UK agency, Islamic Relief. DFID accounts for about 12.5% of the cash value of WFP's emergency programme. DFID has pressed for a more comprehensive needs assessment to be undertaken, but data collection through a household survey has recently been blocked by the Governor's office in Sa'dah. With food insecurity increasing, WFP have expressed worry that the GoY's Social Welfare Fund safety net is woefully inadequate, and the evaluation recommends that DFID looks at how it might better support food security and safety nets in the south as well as north Yemen.

Aid Effectiveness

S42 Yemen is not an aid-dependent country, though external aid plays a significant role in financing Yemen's development expenditure – almost 50% of the Public Investment Programme[24].In 2008, 33% of total aid disbursed was recorded in the national budget[25].

S43 DFID has been very much a leader on aid effectiveness in Yemen. Its Good International Engagement Initiative (GIEI) was an outcome of the agreement by GoY that Yemen would be one of the nine pilot countries under the OECD DAC international initiative to implement the Principles for Good International Engagement in Fragile States.

S44 The specific project under GIEI was the Aid Harmonisation and Alignment Unit (AHA) created within MOPIC. Notable achievements have included the increased capacity in MOPIC and line ministries for monitoring aid flows, and improvements in donor coordination through the Partnership Group for Aid Effectiveness. However, AHA has been used for a range of issues beyond its original mandate, including leading on the National Aid Policy (NAP) and the new Food Price Crisis Task Force. This has prompted accusations of monopoly of resources and capacity within one part of MOPIC. To help push forward the NAP for Cabinet approval, a 2008 programme of support for MOPIC (DFID-funded, implemented by UNDP) resulted in an Advisory Support Unit that has shown improvements in capacity and planning within the ministry[26].

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[23] DFID, Maternal and Newborn Health Annual Review, 31 July 2008.

[24] MOPIC, Republic of Yemen Public Investment Programme, 2007–2010.

[25] OECD DAC, 2008 Survey on Monitoring the Paris Declaration.

[26] Progress Report, Development Partnership Arrangement, August 2007, July 2008.

S45 All donors including DFID have supported numerous Project Implementation Units (PIUs) in Yemen. There are differing views over the extent to which they undermine long-term capacity building of the state by emphasising the use of parallel planning, implementation and budgeting procedures. The evaluation notes a lack of political economy analysis around these issues at the programme design stage.

S46 DFID chose to channel its funds almost exclusively through multilateral agencies, recognising that this would entail additional capacity support for the World Bank and UNDP. There has been an inevitable trade-off between individual advisers working towards the achievement of deliverables versus working to support the expectations and objectives of individual organisations.

S47 DFID Yemen and the regional office have developed a useful dialogue with member states of the Gulf Cooperation Council (GCC) over the importance of Yemen's development to the Gulf. Arab funding has tended to be very technical (mainly infrastructure), leaving the more political 'software' issues (governance, corruption, training) to Western donors. Although very much 'work in progress', the UK has been a leading advocate of these issues since the high profile 2006 London Conference.

DFID Management Arrangements

S48 The evaluation saw no assessment made of the in-country staff implications of a fourfold increase in funding over three years. Programme efficiency has been impaired by having too few staff engaging regularly with partners in country. As in many fragile states, addressing capacity constraints – often at the heart of programme challenges – demands individual, predictable and regular contact and input.

S49 There have been some problems with a split office between London and Sana'a. The overlap of working days/hours between Sana'a office and London is the lowest in the whole DFID Middle East and North Africa (MENA) region. While some programmes are almost entirely managed and advised upon by London staff (e.g. IDB water project, IFC projects), the Sana'a office has to take on some representation functions, thus increasing their workload while not always being either sufficiently empowered or informed of programme progress.

S50 The absence of economist skills in country has impaired programme efficiency and DFID's influence in the economic sphere. For example, the current debate on the impact of food prices on poverty – with different opinions proffered by the World Bank and UNDP – requires greater depth of knowledge than is currently available among donors. There is hardly any monitoring undertaken by DFID on the development of pro-poor expenditures in the state budget and the extent to which these reflect what was agreed in the DPPR.

S51 In the area of PFM reform, the split responsibilities between the lead adviser (economist, London) and the supporting adviser (governance, Sana'a) from the end of 2007 onwards was inappropriate given the high management intensity of the programme. At the beginning of 2009, with the possible shift of leadership in the PFM programme from UNDP to the World Bank, DFID rightly decided to transfer full responsibilities for the PFM programme to the in-country governance adviser.

Recommendations

Recommendations for DFID Globally

S52 A 'pre-crisis' country like Yemen does not easily fit within DFID's existing fragile states concept; new DFID Yemen country planning, plus the revised HMG strategy for Yemen, should be guided by broader lessons on how to deal with a state that has a relatively strong stable government, some appetite for reform, but deep socio-economic and security concerns[27].

S53 Global partnership agreements (for example, with UN agencies) should include clearly defined 'grievance' procedures in the event of complaints emanating from country offices.

S54 Avoid using DFID-specific 'shadow' risk analysis for projects undertaken by partners in which risks are already identified. If there are institutional risks associated with the capacity of the partner, these should be made explicit in the project document with appropriate mitigation strategies included.

Recommendations for DFID Yemen

S55 DFID should, as soon as possible, deploy all Programme Managers and at least the Education, Governance and Economics advisers to Sana'a. A review of the implications that security constraints will have on programme execution should be undertaken, and this should be an integral part of the risk analysis attached to each programme component.

S56 DFID should continue to explore options for sector and/or local budget support. The education sector in particular might benefit from budget support at this juncture while providing a useful entry point for DFID. At the same time DFID should develop a clearly argued rationale for the continued heavy use of PIUs, or develop an exit strategy that includes alternatives that facilitate government ownership and commitment to reform.

S57 When considering scaling up financially, this should be matched by improved quality of analysis on the political economy and strategic advantage that DFID offers. A greater understanding is required of inter and intra-ministerial politics and the extent to which informal social institutions such as kinship, tribal systems and party political affiliations penetrate and drive performance of line ministries in Yemen. The way that political alliances influence different social groupings, constituencies and fissures within the country would help to understand how, for example, coverage and health and education outcomes could be improved.

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[27] An interesting perspective on this can be found in Mark T. Berger (editor) 'The Long War – Insurgency, Counterinsurgency and Collapsing States', Routledge, February 2009. Also, in Navtej Dhillon's research for Brookings 'Addressing Yemen's Twin Deficits: Human and Natural Resources', September 2008, http://www.brookings.edu/opinions/2008/0922_yemen_dhillon.aspx

1. Introduction and Methods

1.1 This is one of a series of Country Programme Evaluations (CPEs) that DFID has undertaken in 2008/09 with a focus on fragile and conflict-affected states. It will feed into a synthesis report aimed at drawing lessons on how DFID can be most effective in such environments. Our TORs are reproduced as Annex 2.

1.2 The methodology of the CPE is based on an inception report prepared by the team leader following a round of discussions in Yemen and London from 19–25 April 2009. Comments from Evaluation Department (EvD) and DFID Yemen were taken into account in finalising the inception report.

1.3 The team of four evaluators visited conducted the evaluation in two stages: first, DFID and HMG personnel involved in the Yemen programme, past and present, were interviewed in London from 4–8 May 2009; second, the team visited Sana'a from 16–28 May 2009. Thereafter, a few additional interviews in London were undertaken, and the first draft report submitted in June. In effect, the cut-off date for the evaluation was June 2009, though most written reviews and literature referred to was dated no later than the first quarter of 2009.

1.4 In common with other CPEs, key features of the methodology are:

- All CPEs use a matrix of questions derived from a common model, but adapted to the specific circumstances of the country. The Yemen matrix at Annex 3 takes account of suggestions by DFID Yemen and EvD. Each team member independently produced a version of the matrix in relation to the area of work for which they were responsible.
- Review of DFID and external literature. Some confidential UK Government documents were also referred to that cannot be cited here.
- An extensive programme of interviews conducted in London, in person and by telephone, and during field visits to Yemen.

1.5 We have drawn on interviews with a wide range of those currently and previously involved with Yemen in DFID, other government departments, NGOs and other international agencies, and interviews with Government of Yemen (GoY) and Yemeni civil society contacts in Sana'a, and by reading a wide range of literature. The main potential bias relates to the decreasing access DFID and partners have had to many parts of Yemen, and the fact that sources have been heavily weighted towards the international aid community. The main constraint to the evaluation was the inability of the team to travel outside Sana'a due to security problems. Only programmes within the city boundaries could be visited.

1.6 The report structure differs from previous CPEs. Chapter 2 presents the political, economic and development context of Yemen, including a descriptive outline of DFID Yemen portfolio. Chapter 3 is a relatively brief outline of DFID's Yemen strategy and the challenges of rapid scale-up of the country programme in the last four years. It also includes discussion on risk assessment. Chapter 4 is a detailed examination of portfolio performance in DFID's four central themes: Rule of Law, Economic Management, Social Sector Programming, and Aid Effectiveness. Chapter 5 is a brief overview and comment on DFID management and staffing arrangements. Chapters

3, 4 and 5 have a summary box at the end of the chapter. Chapter 6 presents main findings and conclusions, followed by a set of 'actionable' recommendations.

2. Context

2.1 This section presents an overview of the situation in Yemen during the evaluation period in order to provide the context for DFID's assistance. It also describes the pattern of development aid provided to Yemen from 2004 to 2009, and summarises DFID's support within that.

Socio-economic

2.2 Despite rich resource endowments, political freedoms unique in the Middle East, resilience in overcoming civil war and oil price shocks, Yemen has not met the hopes raised both nationally and internationally upon its unification in 1990. Yemen's strong adjustment effort (macro stabilisation, price stabilisation, exchange rate unification, trade liberalisation, debt reduction) that began in the mid-1990s has slowed down since 2000.

2.3 Yemen is a "fragile state" according to DFID and OECD classification and the only low-income country in the Middle East[28]. Yemen's human development indicators consistently trail the average for the Middle East and North Africa by a wide margin; they are closer to the average for sub-Saharan Africa, and often lower[29]. More than a third of the population lives in poverty[30]. Yemen is significantly off-track in reaching all the MDGs, apart from MDG 6 on HIV/AIDS, malaria and other health indicators. Nearly half (46%) of Yemen's 22 million citizens are under 15, and the population is set to double by 2035. Its 3.6% annual population growth rate is one of the highest in the world[31]. Unemployment stands at 35%[32].

2.4 Yemen's 2008 Global Hunger Index rating is "alarming", ranked 80 out of 88 countries surveyed[33]. The country is heavily dependent on food imports, making it vulnerable to global price shocks; however, after an inflation peak in 2008, prices are slowly decreasing[34]. Yemen has one of the lowest water per capita availability rates in the world and groundwater extraction outstrips annual rainfall. High-value commercial crops of *qat* (a mildly stimulant, narcotic leaf) account for nearly one third of agricultural land and a quarter of total water use[35].

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[28] DFID (2009), Yemen Programme Policy Focus, January 2009.

[29] UN (2008), Human Development Report 2007/2008.

[30] DFID (2009) ibid.

[31] UNICEF State of the World's Children 2008.

[32] New York Times, A Poverty Plan, 3 June 2009.

[33] www.ifpri.org/pubs/cp/ghi08.pdf

[34] World Bank Economic Update, Summer 2008.

[35] Economist Intelligence Unit, Yemen Country Report May 2009.

2.5 Yemen consistently ranks last in the World Economic Forum's Global Gender Gap Index[36]. It also ranks poorly among countries rated according to the UNDP's gender empowerment measure[37]. There is currently no minimum marriage age[38] and early marriage is common, which impacts negatively on maternal health, child health, girls' education, women's literacy and women's economic empowerment[39]. Maternal mortality is the leading cause of deaths among women of reproductive age[40], and Yemeni women face a lifetime risk of maternal death that is nearly four times higher than the Middle East and North Africa (MENA) average[41].

2.6 The Government of Yemen's long-term vision is set out in the Yemen Strategic Vision 2025, which aims to elevate Yemen's international ranking to that of a 'medium human development' country by 2025. The Strategic Vision is widely recognised as the reference point for policy makers; it guided both the second national development plan from 2001 to 2005 and the new five-year Development Plan for Poverty Reduction (DPPR) running from 2006 to 2010. However, there is still little evidence of strategic planning informing the budget process, and budget outcomes routinely deviate from plans[42]. Reporting and monitoring of expenditure and results under the DPPR has not been a government priority, with very limited data and few resources available.

2.7 Yemen's Public Financial Management (PFM) and Procurement systems are weak. A 2006 OECD Baseline Survey on monitoring the Paris Declaration reported that just 10% of aid to the government sector in Yemen made use of country PFM systems, reflecting the weakness of such systems[43]. The public sector has significant human and institutional gaps, including inadequate skills among civil servants, institutional fragmentation of key functions of government, weak management and leadership, and inadequate information systems. The state's large wage bill is exacerbated by a major problem of ghost workers and many of Yemen's capacity constraints relate to the role of patronage within the political system. Improved PFM systems and fiscal policies would help the state to improve public service delivery to the poor and provide an enabling environment for private sector activity.

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36 The Global Gender Gap Report, World Economic Forum, 2008.

37 UN (2008) ibid, Table 29.

38 Yemen's minimum marriage age of 15 was revoked a decade ago to allow parents to decide when their daughters should marry. The ruling was agreed in line with an interpretation of the Koran that claims there is no proscribed age for marriage. In February 2009, parliament passed a measure to reinstate a legal minimum, setting the age at 17, but lawmakers opposed to this on religious grounds have invoked a measure that could see the legislation reversed.

39 JICA country gender profile, Yemen, 2009.

40 UN Common Country Assessment, Republic of Yemen, 2005.

41 UN (2008) ibid.

42 DFID Engagement in countries in fragile situations: A Portfolio Review, Case Studies, Evaluation Report EV702, January 2009, p. 17–30.

43 OECD, 2006 Survey on Monitoring the Paris Declaration (Overview), http://www.oecd.org/dataoecd/58/28/39112140.pdf

2.8 Public expenditure on health stands at 1.9% of GDP[44]. Yemen has made substantial progress in reducing the rates of infant mortality and under-five mortality over the past few decades but the trend has slowed in recent years; the respective figures now stand at 75 and 100 per thousand live births[45]. More than half of children under five suffer from moderate and severe stunting – the second worst rate in the world, after Afghanistan[46]. Access to basic health care in some rural areas is as low as 20%[47].

2.9 Public education expenditure was 5.8% of GDP in 2008[48]. Enrollment in basic education – which is available for children up to the age of 13 – increased from 72% in 2005/06 to 75% in 2006/07[49]. Yemen has recently narrowed the ratio of male to female enrolment rates in basic education but it still demonstrates the greatest disparity in primary gross enrollment rates for girls and boys in the MENA region[50]. Youth literacy (15–24 years) stands at 91% for men and 59% for women[51]. Adult literacy is lower – at 57% – with a clear gender gap between figures of 76% among men and 39% among women[52], with women's literacy in rural areas running as low as 24%.

2.10 Yemen's oil sector provides 90% of export earnings and 75% of government revenue, but oil production has passed its peak and daily output has declined from 460,000 barrels/day in 2002[53] to 268,000 barrels/day forecast for 2010[54]. Total crude oil exports generated $7.6 billion in 2008, reflecting the recent spike in global oil prices, but forecasts suggest revenue will fall to $2.8 billion during 2009 before lifting slightly in 2010[55]. The World Bank predicts that state revenues from oil sales will fall to zero in 2017[56]. Concerns about Yemen's stability and maritime security in the Gulf of Aden – combined with Yemen's unpromising geology – are deterring international oil companies from exploring the terrain for new fields.

2.11 A new liquid natural gas (LNG) plant is due to start exports during summer 2009. Yemen LNG will generate roughly $10.9 billion in government revenue during the

[44] UN (2008) ibid.

[45] UNICEF (2008) State of the World's Children 2008.

[46] UNICEF (2008) ibid.

[47] DPPR 2006–2010.

[48] World Bank Country Status report, Yemen, July 2009.

[49] Internal DFID document.

[50] EFA Global Monitoring Report, UNESCO, 2009.

[51] UNICEF (2008) ibid, fig 2.5, chapter two.

[52] EFA Global Monitoring Report, UNESCO, 2009.

[53] BP Statistical Review of World Energy.

[54] Economist Intelligence Unit (2009) Yemen Country Report May 2009.

[55] Economist Intelligence Unit (2009) ibid.

[56] Franz Gerner and Silvana Tordo, Republic of Yemen: A Natural Gas Incentive Framework.

course of the 20-year production agreement[57]. This anticipated LNG revenue will ease the situation in the short term, but it will not make up the shortfall from the long-term decline in oil exports.

2.12 Real GDP growth was estimated at 3.5% in 2007, 3.2% in 2008; it is forecast at 5% in 2009 and 5.4% for 2010, reflecting initial export activity at Yemen LNG[58]. Recent attempts to diversify and encourage inward investment have failed to attract sustained, integrated investment on a scale that would stimulate sufficient growth to meet the needs of Yemen's rapidly expanding population[59]. The overwhelming majority of Yemeni businesses are micro-enterprises mostly run by men. Private sector performance falls short of providing sufficient jobs and income opportunities. In fact, the World Bank is concerned that private sector activity might actually be declining with private investments having fallen to 14% in 2005 from 20% in 1997[60]. The tourist industry has shrunk, following a series of suicide attacks on Western targets, and continues to be affected by travel advice from Western governments.

2.13 A sizeable fiscal deficit has emerged in 2007 and another is likely in 2008 with a forecast of 5–6%. The heavy reliance on oil revenues in light of a sharp decline in oil production coupled with inflexible and high spending (e.g. fuel subsidies and wage bills account for more than 50% of government budget) and rising domestic debt have become significant risks to Yemen's economy in terms of fiscal sustainability, inflation and private sector investment opportunities.

Political

2.14 The modern republic was established in 1990, following the unification of the People's Democratic Republic of Yemen (South Yemen) and the Yemen Arab Republic (North Yemen). President Saleh has been in power for more than 30 years, first as president of North Yemen and then, after unification, as leader of united Yemen. With 77% of the vote, he was re-elected in 2006 to serve a seven-year term. The first parliamentary elections were held in 1993 but Saleh's ruling party, the General People's Congress (GPC), has increased the share of the vote at every election[61]. Parliamentary elections, scheduled for April 2009, were postponed for two years, following disputes over constitutional reforms between the GPC and the opposition parties.

2.15 The patronage system as a means of governing is pervasive in Yemen, with the distribution of oil rents being central to this. However, Yemen's macro-economic crisis, forced by diminishing oil production, is now eroding the revenue base, with profound implications for national stability.

[57] Franz Gerner and Silvana Tordo, ibid.

[58] Economist Intelligence Unit (2009), ibid.

[59] Ginny Hill (2008), 'Yemen: Fear of Failure', Chatham House, London, November 2008.

[60] International Development Association, Country Assistance Strategy for the Republic of Yemen, 2006–2009.

[61] Ginny Hill (2008), ibid.

2.16 Yemen ranks 141 out of 180 countries in Transparency International's 2008 Corruption Perception Index[62]. Army structures play a crucial role in supporting elite corruption and President Saleh has awarded key army positions to relatives and allies within his own Sanhan tribe[63]. His son, Ahmed, commands a unit in the Republican Guard. His nephews, Tarik and Yahya, control private presidential security and the central security forces. Official military expenditure stands at 6.6% of GDP (2008)[64].

2.17 Yemen faces a southern separatist movement and an erratic civil war in the northern province of Sa'dah. Political violence in the south – a coalition based around perceptions of southern marginalisation – escalated sharply during 2009, with demonstrators openly calling for independence. The secessionist language deployed by the protestors points to grievances over land seizures, the forced retirement of southern security officials, the exclusion of southerners from northern patronage networks, corruption and economic mismanagement[65]. President Saleh is now calling for a "national dialogue" to ease political tension in the south and promising constitutional reform.

2.18 In the north, Yemen's revolt in Sa'dah, a mountainous zone on the border with Saudi Arabia, is a complex stop-go civil war fuelled by bitter local grievances over economic marginalisation, market access and the lack of service infrastructure in the Sa'dah region. Growing tribalisation, the emergence of a war economy and allegations of proxy Saudi and Iranian involvement mean the war is growing in complexity[66].

2.19 These challenges are the result of specific religious, historical and geographical circumstances, and the regime's capacity to manage them diminishes as the macro-economic strain increases. There is a real and immediate prospect that the regime will lose its ability to maintain the status quo, and Yemen will fragment, with implications for stability throughout the Arabian Peninsula, the Gulf of Aden and the Horn of Africa.

2.20 Yemen has been subject to increasing terrorist violence, suicide bombings and kidnappings over the last two years. Some of these have been in relation to local tribal/political disputes; others point to Yemen's absorption of insurgents and the boosting of al-Qaeda's capacity in Yemen[67]. Meanwhile, piracy attacks in the Bab al Mandab, an 18-mile-wide strait at the mouth of the Red Sea, have increased and

[62] 2008 Corruption Perception Index, Transparency International, http://www.transparency.org/news_room/in_focus/2008/cpi2008/cpi_2008_table

[63] Ginny Hill (2008), ibid.

[64] The World Factbook, CIA.

[65] "The southern movement is driven by popular frustration with the northern elite, but its leadership is still seeking to unite around a coherent agenda. Veteran Afghan mujahid and presidential ally Tariq al-Fadhli declared his support for the secessionist struggle in April, signalling the erosion of President Saleh's patronage network". Economic Crisis Underpins Southern Separatism, Arab Reform Bulletin, May 2009.

[66] Yemen: Defusing the Saada Time Bomb, International Crisis Group, May 2009.

[67] Ginny Hill (2008), ibid.

are becoming of increasing concern to both Yemen and the international community. An estimated 3.3 million barrels of oil pass through the strait every day, along one of the busiest shipping lanes in the world.

Development Assistance

2.21 Yemen's weak governance capacity and poor fiduciary environment has hampered its access to development finance in the past. Yemen's support for Saddam Hussein's invasion of Kuwait halted Western engagement with Yemen during the 1990s and slowed the process of state building that followed unification and the introduction of democracy[68]. International development assistance was severely cut and nearly a million Yemeni workers were expelled from Saudi Arabia, leading to a dramatic drop in remittances. Total donor support declined from $700 million during the 1990s to $350 million in 2006. Yemen remains heavily under-aided relative to other low-income countries, with only a small number of international donors. It receives less than $13 per capita pa, compared to $33 per capita pa in other LDCs[69].

2.22 Western donors account for less than a quarter of ODA pledges. The USA is among the smallest bilateral donors to Yemen, but White House endorsement is important for President Saleh. Saudi Arabia is the largest bilateral donor to Yemen, followed by the UAE and Qatar. The member states of the Gulf Cooperation Council (GCC)[70] represent nearly half of bilateral ODA pledges for the period 2007–2011. The Arab Fund and the Islamic Development Bank are also significant donors. However, Yemen's Arab donors have a limited in-country presence, and aid effectiveness and multilateral alignment is not strong.

[68] Center for Defense Information 2007 briefing on Yemen: "Beginning in 1973, the United States was a military ally of North Yemen but because Yemen maintained its diplomatic relations with Iraq during the 1991 Gulf War, the United States cut off its military ties to the Republic of Yemen during the 1990s, shortly after its unification. Yemen received no Foreign Military Financing (FMF) between FY90 and FY91, and incurred a significant decrease in International Military Education and Training (IMET) after FY90".

[69] DFID Yemen Programme Policy Focus, January 2009.

[70] Founded in 1981, the GCC comprises Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and the Sultanate of Oman. The Gulf Cooperation Council seeks to strengthen cooperation (in areas such as agriculture, industry, investment, security, and trade) among its six members.

Figure 1. ODA Net Disbursements from the Top 5 OECD DAC Donors to Yemen, 2004–2007

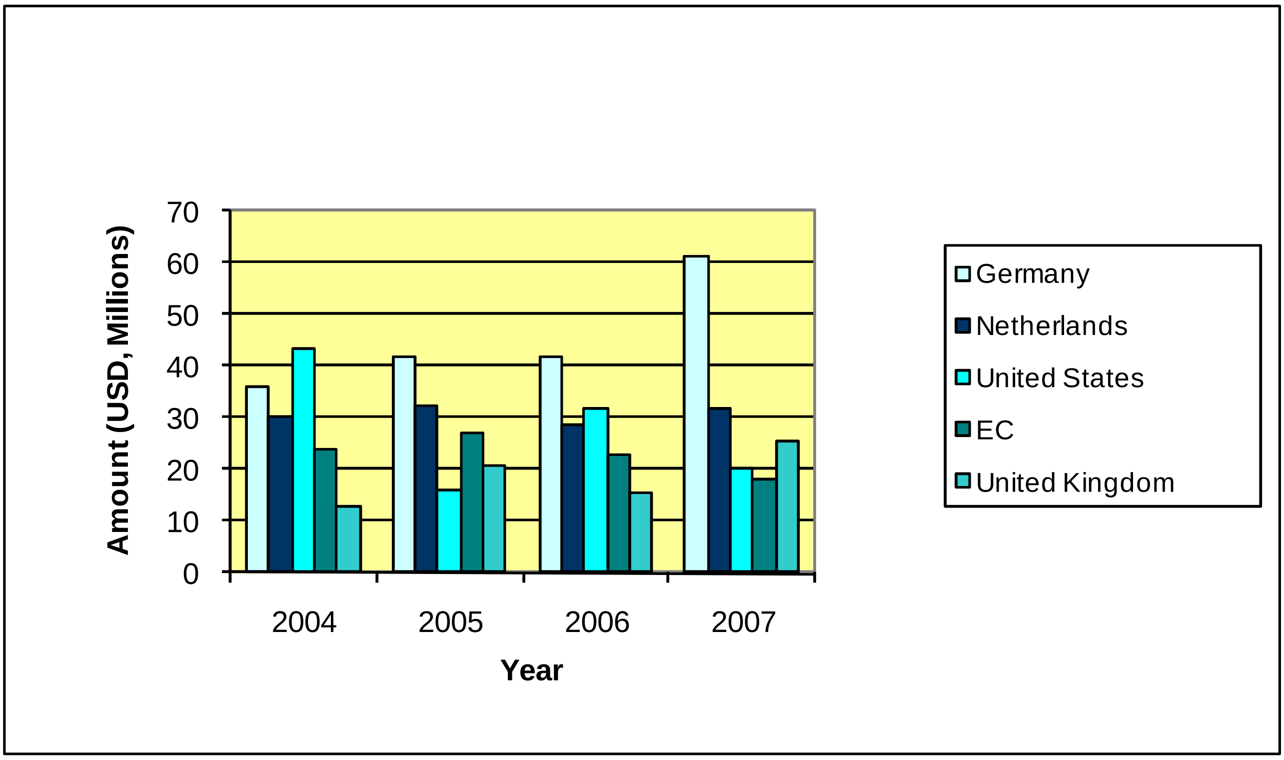
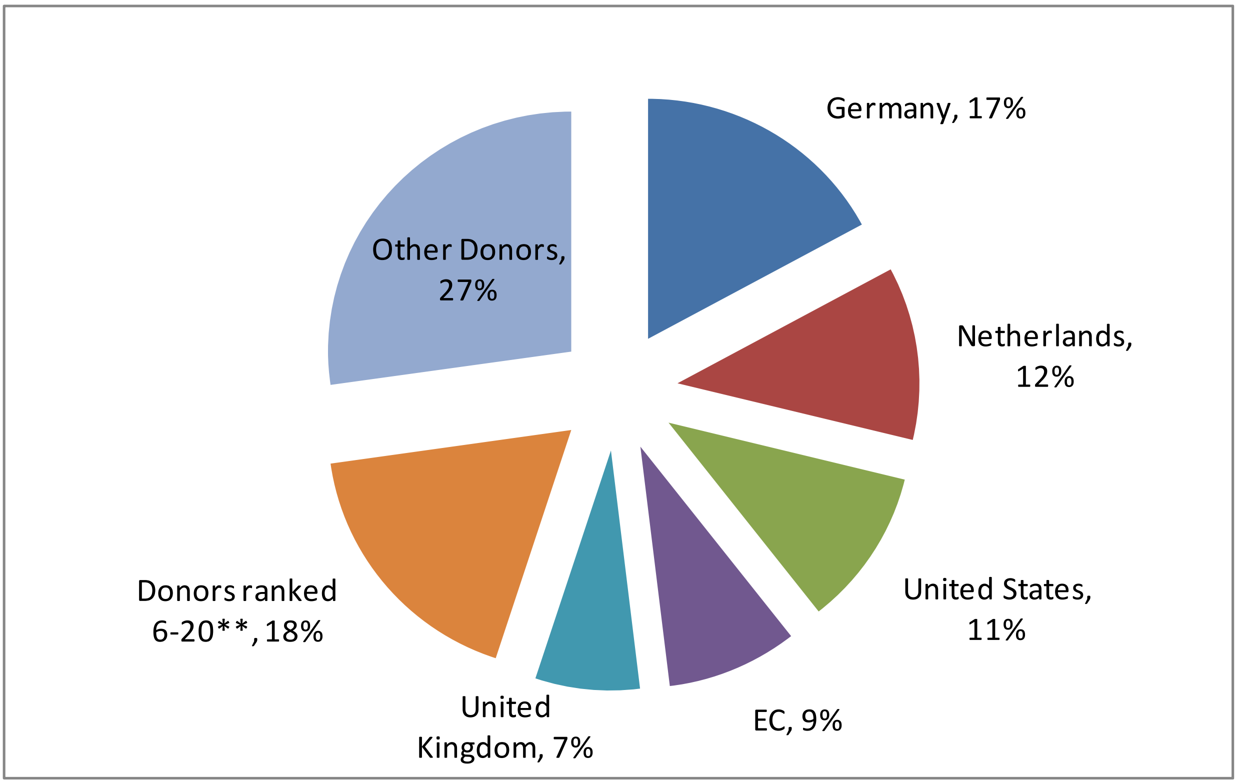


Figure 2. Proportion of Total Net Disbursements, 2004–2007 (OECD countries only)



** Japan, Arab Agencies, Korea, France, Italy, Hungary, Denmark, Canada, Spain, Czech Republic, Sweden, Norway, Belgium, Switzerland, Ireland

2.23 In 2006, President Saleh sponsored a National Agenda for Reform (NAR), sparking confidence among Western donors, and approved a series of encouraging measures. Yemen joined the Extractive Industries Transparency Initiative, created the Supreme National Authority for Combating Corruption (SNACC) and instituted a 'best practice' public procurement law. The president stepped down as head of the Supreme Judicial Council.

2.24 However, early momentum has slowed. The GoY's mid-term review of its 2006–2010 Development Plan for Poverty Reduction (DPPR) reveals a failure to reach the set development goals. Although the Ministry of Planning and International Cooperation (MOPIC) is charged with disbursing foreign aid, obstacles lie at a much higher level. Effective reform would threaten elite corruption and dismantle patronage networks. MOPIC has little or no leverage in these areas.

2.25 In 2008, the GoY began working up a second phase of the NAR, but there continue to be repeated delays, suggesting that the GoY's commitment to reform, especially the president's personal interest, has waned. The GoY needs to make some difficult decisions, such as cutting diesel subsidies and reducing the civil service wage bill[71], but progress here has been slow.

DFID in Yemen

2.26 DFID has had a Yemen programme since 1997 with an annual bilateral expenditure of approximately £2 million. In 2004 an office was established in Sana'a with just one UK-based staff, expanding to five in 2008, with the remainder being in the 'split' office in London. During the evaluation review period DFID Yemen has increased its allocations almost tenfold to £20 million in 2008/09[72]. The increase was prompted by high poverty levels and low levels of aid per capita by UK and other donors. Yemen was promoted to a PSA focus country in 2008. Assistance is scheduled to rise to £35 million in 2009/10. In fact, DFID's proposed scale-up was more ambitious than this, with resource allocations set to reach £50 million by 2010 – a 400% increase on the 2006/07 allocation (Table 1). The figures are unlikely to be reached, however, due to absorptive capacities and partner constraints.

Table 1. Projected DFID Expenditure 2007–2011

2007/08	£12m	Agreed Resource Allocation
2008/09	£20m	60% increase on previous year
2009/10	£35m	75% increase on previous year
2010/11	£50m	43% increase on previous year

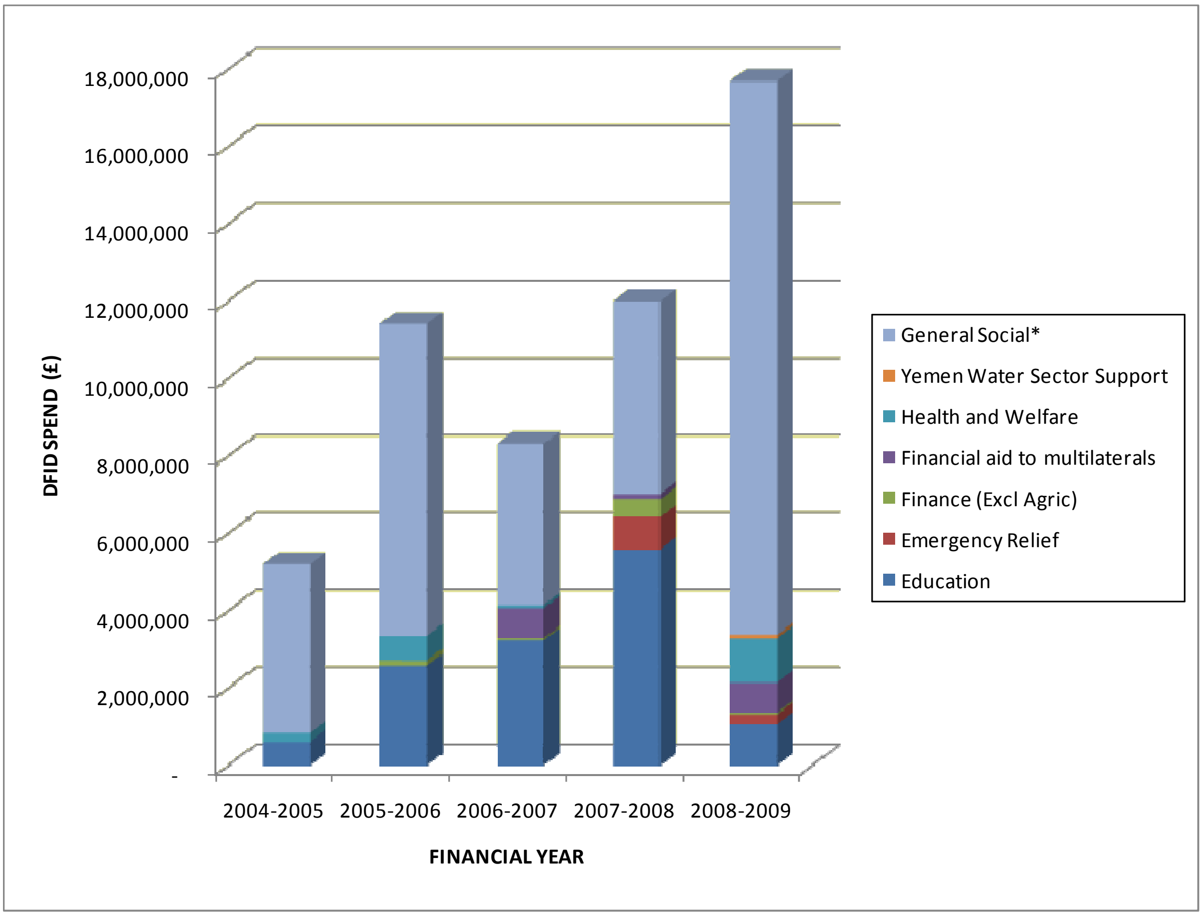
[71] Ginny Hill (2008) ibid.

[72] DFID Yemen Programme Policy Focus, January 2009.

2.27 The scale-up was accompanied by a Development Partnership Arrangement (DPA) signed in August 2007. The DPA recognised that Yemen had long been under-aided by the international community (receiving only $12.7 per capita pa compared to $33.4 per capita pa in other Least Developed Countries) and that the GoY was beginning to demonstrate increased commitment to poverty reduction and reform.

2.28 The DPA is a 10-year arrangement that signals a long-term relationship between DFID and the GoY. Quarterly review committees are chaired by Yemen's Director-General, International Cooperation and the Head of DFID Yemen. The DPA was evaluated[73] after the first year against commitments on both sides in terms of 'benchmarks' (as opposed to conditions). These include: poverty reduction and achieving MDGs; strengthening respect for human rights; strengthening financial management; implementing governance reform; improving performance monitoring; and improving donor harmonisation and aid effectiveness. The 2008 review also introduced two new benchmarks – on encouraging economic growth and improving water resources management. Progress against the above benchmarks is cited throughout this evaluation report.

Figure 3. Summary of DFID Expenditure 2004–2009



* The majority of this sector allocation is through the Social Fund for Development (SFD).

[73] UK-Yemen Development Partnership Arrangement, 2007–2010: Progress Report (July 2008).

2.29 DFID does not provide budget support to the GoY. However, its current largest single programme funding (some 60% of total DFID funding) goes towards the Social Fund for Development (SFD), an innovative quasi-governmental organisation, with an impressive track record delivering demand-driven community services. The managing director is MOPIC minister and Deputy Prime Minister for Economic Affairs, Abdul-Kareem al-Arhabi.

2.30 In the early phase of the evaluation period, DFID focused on health projects and improving enrolment in basic education, especially girls' access and rural education. It also supported the creation of an Aid Harmonisation and Alignment Unit (AHA) in MOPIC, as well as community-based development through the SFD. From 2007 DFID supported a relief (food aid) project in the north, and in the same year signed a 10-Year Development Partnership Arrangement with the GoY. Further details of the portfolio are provided in Box 1.

2.31 In 2008 DFID established a number of new programmes, such as justice and policing, water resources management, and economic diversification (promoting non-oil growth by improving the enabling environment for businesses and investment). DFID is now finalising a Country Plan to set the future direction for assistance in Yemen over the next five years.

Box 1 DFID Portfolio 2004–2009

The Social Fund for Development (SFD) (£63.1 million, 2004–2010). SFD is a Yemeni organisation which provides support directly to communities to improve education, health, roads, and water supplies. This includes micro-finance services and training for local development partners (government, NGOs, communities, and contractors). SFD's education support alone has delivered almost 6,000 new classrooms since 2004, to complement the Ministry of Education (MoE) programme.

Education (£35 million, 2004–2014). Through the Secondary Education Development and Girls Access Programme (SEDGAP, £20m, 2008–2014) and the Basic Education Development Programme (BEDP, £15m, 2004–2010) DFID supports reforms within the MoE that should lead to increased access to quality basic and secondary education, particularly for girls. Yemen also receives £40 million from the Education for All – Fast Track Initiative (FTI)[74].

Justice and Policing (£8.4 million 2005–2013). This has been in three phases. First, £500,000 in July 2005 for initial assessment and design. Second, this became the Integrated Justice Sector Development (IJSD) programme, implemented by UNDP. With co-financing from Netherlands and in partnership with FCO and MOD, a further £900,000 was approved from June 2006 to December 2008. Third, the successor to this was a full Yemen Justice and Policing Programme (JPP), £7 million over five years from December 2008 to December 2013, though this was no longer to be implemented by UNDP. DFID works closely with the Ministries of Justice and Interior to strengthen access to and the provision of equitable and effective justice and policing services in Yemen, particularly for the poor.

Maternal and Neonatal Health (£3.7 million, 2006–2010). DFID provides support through a delegated cooperation agreement with the Royal Netherlands Embassy. The programme is in line with the GoY's Reproductive Health Strategy 2006–2010.

Humanitarian Assistance (£2.54 million, 2007–2009). DFID contributes to the World Food Programme's (WFP) current emergency operation in the northern governorate of Sa'dah, to deliver food aid to internally displaced people (IDPs) resulting from the local conflict. The operation reaches up to 77,000 people.

Public Financial Management (initially £1.1 million, 2006–2009). DFID supported the Ministry of Finance (MoF) to develop and implement an action plan for public financial management reform (PFM). This was a multi-donor programme, funded jointly with UNDP and the Netherlands. Key support areas include: the budget (improving prioritisation and decision making; execution; control and accountability); bidding and procurement systems; and the efficiency and skills of public finance workers and auditors. DFID's PFM funding for UNDP was stopped early pending a review of partnership arrangements that might in future involve the World Bank.

[74] This is a multi-donor global programme launched in 2002 (administered by the World Bank) to help low-income countries achieve the education Millenium Development Goals.

Multilateral capacity building (£1.73 million 2006–2009). DFID has funded a macro-economist, water specialist and public sector reform expert in the World Bank Office, and a senior economist/governance specialist in the UNDP office in Yemen, meeting a request from the GoY. These consultants have been involved in assisting the GoY to draft the Development Plan for Poverty Reduction, and working to ensure that government plans for reform are implemented. In 2009 funding for the four posts was handed over to the respective agencies (World Bank and UNDP).

Fragile States Initiative (known as Good International Engagement Initiative in Yemen) (£825,000, 2005–2009). DFID, with additional £205,000 co-financing from UNDP, supported the development of an Aid Harmonisation and Alignment Unit (AHA) in the GoY Ministry of Planning and International Cooperation (MOPIC) until January 2009. AHA is striving to improve the effectiveness of the international donor community in Yemen to increase the impact of collective donor resources.

PRSP Support Fund/Oxfam monitoring project (£494,100, 2003–2006). The Fund has to date supported a number of baseline studies (household budget survey, Drivers of Change) plus two projects: the Oxfam-implemented project to monitor pro-poor and gendered PRSP implementation and monitoring in Yemen; and a PRSP monitoring and statistics project to improve the use of data on GoY development planning (this second project has yet to be implemented, so there has been no spend to date).

Private Sector Development. Three projects: (1) With IFC, Simplify Business Tax and Administration (initially £511,000 for the first phase). This aims to increase tax revenues for the government to counter declining resources from oil revenues. It also aims to improve the enabling environment for businesses, spreading the tax burden and creating a more level playing field for businesses in Yemen. **(2) With IFC, Private Sector Development (£8.9 million from 2009–2011)** The project promotes an enabling environment for private companies including business registration, training, financial markets (e.g. leasing, lending to small and medium enterprises, a credit registry), capacity building for public–private partnerships, and environmentally sustainable business. Benefits accrue to, for instance, micro and small enterprises and microfinance institutions which specialise in the provision of market-based financial services to the economically active poor (i.e. micro loans, safe deposits, money transfers, insurances schemes, etc.), with a particular focus on targeting and training women in business. There are also attempts to roll out the programme to rural areas. **(3) With the Islamic Development Bank, Water and Sanitation project (£1.2 million, November 2008–2011).** This is a pilot project in the southern town of Al-Howta. For DFID it is also an important new collaboration with IDB.

3. DFID Strategy and the Challenge of Scaling Up

3.1 In this brief chapter we assess the overall strategy and risks entailed in the rapid scaling up of the DFID programme in Yemen over four years. Compared to many countries in the world, DFID's programme in Yemen is still relatively new. The implications of its rapid evolution from a small office with a series of pilot projects to that of a PSA country with a projected budget of £35 million by 2009/2010 are discussed here.

DFID Country Strategy

3.2 DFID established a country presence in Yemen in late 2004[75], but there has never been a country engagement plan, or an overarching statement of DFID policy or strategy in the country. At that time the budget was only £4 million, below the £20 million threshold for a Country Plan, and Yemen was not a Public Service Agreement (PSA) country. The Secretary of State in 2003 agreed to an emphasis on addressing Millennium Development Goals (MDGs) in education and health, but mainly through silent partnerships with other donors. Just one UK civil servant was in post for the first eight months, and Yemen was a low priority country for FCO and MOD.

3.3 This was all to change by mid-2005, triggered largely by the UK government's increasing interest in Yemen and the downward political and social trends that threatened regional as well as national stability. UK staffing increased and DFID took a lead in applying a 'fragile states' lens to the country analysis, including the exploration of additional programmes in Security Sector Reform (SSR) and justice. In the previous year DFID had commissioned a Drivers of Change study and a Strategic Conflict Analysis; these two studies (jointly commissioned with the Netherlands) highlighted the potential for increased violent conflict in Yemen that would harm prospects for poverty reduction. The reports were shared with the GoY, opening a dialogue around conflict issues.

3.4 For the UK a milestone was the Consultative Group (CG) meeting held in November 2006 in London. This was the fourth CG meeting for Yemen, and signalled a significant increase in pledged funds – approximately $4.7 billion, over 85% of the governments' estimated external financing needs. It was significant that the Gulf Cooperation Council (GCC) had asked the GoY to request the UK to host this meeting. GCC member countries were collectively the largest donors to Yemen but, mindful of the threat posed by economic decline and migration, they looked to Western donors to tackle issues such as governance and security as something of a 'guarantee' for their investments in infrastructure. This was – and is – the pattern of the complementarity between OECD and GCC donors, the former providing the 'software' (including messages on corruption) which regional sensitivities prevent the latter from engaging in.

3.5 Prior to the London CG meeting the UK Government had drafted a HMG Strategy that was again to be updated in 2008. The cross-Whitehall Conflict Prevention Pool

[75] Prior to a country presence, DFID's programme had concentrated on short-term TA inputs in strengthening economic and financial management, a programme of about £3 million in 2003.

(CPP) annual budget rose to over £650,000 from 2008 onwards, while the increase in DFID's own budget and other considerations was now to make Yemen a PSA focus country[76].

3.6 The evaluation finds the arguments for scaling up both convincing and urgent. There was also a close relationship between DFID and other departments of UK government, not least because of a sharing of analysis and expertise within the embassy in Sana'a. The relatively much larger DFID budget also provides a vital entry point for all departments in discussions with the GoY.

3.7 DFID's choice of working through technical assistance and pooled funds was also appropriate given the strong needs for capacity building at individual and institutional level within Yemen's public sector, the fiduciary and political risks, and sub-optimal donor coordination.

3.8 In the absence of a country strategy, there have been some issues over the convergence and complementarity between programmes as well as their sequencing. For example, as we explore further in Chapter 4, the extent to which capacity building in public financial management impacts upon individual sector performances might have determined the choice and timing of investments in those sectors. Also, the strategic importance of pro-poor growth initiatives (notably in private sector development projects) relative to state building/governance and public administration has not been clear.

3.9 DFID has addressed the issue of general budget support, and the evaluation supports the contention that conditions are not yet conducive. The minimum requirements have not yet been met. These include (a) government commitment to improving public financial management and a credible plan to deliver this, and (b) government commitment to poverty reduction. Deteriorating governance would also be a key determinate. The recent independent evaluation of PFM in Yemen suggests that "the lack of national ownership of PFM reform processes, both within the MOF and the wider GoY, directly lead to the PFM Reform Project not being able to attain traction with the GoY in respect of implementation and also adversely impacted project sustainability"[77]. With respect to poverty reduction, although Yemen's PRSP equivalent (the SEDPPR) highlights intentions in this respect, the Yemen budget does not yet follow stated plans. Indeed, budgetary information – plans, actual expenditure and dialogue around the choices in the budget – is extremely limited.

3.10 The choice of project versus budget support is not exclusive – DFID supports both in many countries. The delivery gains apparent in SFD, for instance (see 4.57–4.59 below) present interesting challenges over the merits or demerits of working through parallel quasi-government institutions whose performance outstrips anything the

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[76] DFID's PSAs set out the targets (mainly related to MDGs) that have been agreed for the Department's performance. Progress towards each of these is tracked continuously, and formally reported twice a year (in the Autumn Performance Report and the Departmental Report). As well as monitoring progress globally, HMG focuses on measuring progress in the 22 countries where it can make the most impact in measuring progress towards the PSA. The choice of countries is based on the numbers of poor people; the size of the UK bilateral programme; the impact of a wider set of multilateral and bilateral programmes and policies; and the overall influence of the UK on policy development.

[77] Kevin Curnow, 'Public Financial Management Reform Project: Final Evaluation', July 2009.

government can currently provide. The question here – and one which demands far more detailed analysis of political dynamics in Yemen – is whether a relatively small donor like DFID can make substantial inroads in a government that as yet does not itself have a consistent view on the merits of budget support.

3.11 In 2001/02 the UK cancelled Yemen external debt in the framework of the HIPC initiative worth £5 million. Yemen's Country Policy Institutional Assessment (CPIA) and Public Expenditure and Financial Accountability (PEFA) scores are comparable to other countries where DFID already gives direct or sector budget support. For example, based on the CPIA scores Malawi and Bangladesh have the same quality of budget and financial management; Yemen also scores higher than Ethiopia, Bangladesh and Pakistan on accountability and corruption in the public sector and equal to Uganda, Vietnam and Mozambique[78].

3.12 Nevertheless, the evaluation finds the arguments against general budget support convincing, but notes that options over budget support at sector and/or local levels is currently under debate by DFID with some useful analysis having been done by the Economics Advisor[79].In our view, these options should continue to be explored as part of any new country planning.

Treatment of Risk and Uncertainty

3.13 The DFID-commissioned Drivers of Change and Strategic Conflict Assessment studies undertaken in 2005 prompted a shift in focus away from purely MDG issues to a new set of objectives around economic and political stability. Meanwhile, the Economist Intelligence Unit has rated Yemen as "high risk" in its latest assessment that identified and assessed individual risks of future instability[80].

3.14 Since this early period of relatively intense activity and reporting, there has been little consistent strategic assessment of risk. There was, however, a Contingency Plan drawn up in 2008 and, more recently, a DFID Country Governance Analysis of 2009 that was shared with the GoY and other donors and widely regarded as an informative exercise.

3.15

Table 2. Risk Ratings for DFID Yemen Projects

Risk	Total (No)	% of Total Number	Total (£)	% of Total Value
High	5	16%	16,600,000	11%
Medium	17	55%	124,922,000	83%
Low	9	29%	8,145,000	5%
Total	**31**	**100%**	**149,667,000**	**100%**

78 IDA Resource Allocation Index (CPIA scores), 2006.

79 Internal DFID paper: 'Should we provide budget support to Yemen?', March 2009.

80 Economist Intelligence Unit, http://viewswire.eiu.com/index.asp?layout=VWCountryVW3&region_id=&country_id=1220000322

3.16 In terms of individual projects, from 2003 the present five projects were ranked as high risk, four of which are still active: Public Financial Management (PFM), Justice and Policing Programme (JPP), IDB Yemen water project and WFP food aid. For the JPP there was no stated mechanism for monitoring risks, and there was no evidence that the proposed risk monitoring was carried out.

3.17 The evaluation found some anomalies between DFID's own risk matrices and those of the project partners. For example, with respect to the PFM reform programme, the risk identification and management was not shared between DFID and the implementer, UNDP. DFID identified weak UNDP management as a risk, obviously not mentioned in the UNDP proposal itself. The differences in project and risk management approaches that developed throughout implementation are a sign that UNDP and DFID had different expectations of the project. The evaluation further notes that no Arabic language skills were required of the consultants, and there appears to have been perpetual discontent over disparities in pay scales between UNDP and other donors.

3.18 More generally, risk analysis has lacked a methodology that would distinguish between different risk types (macro, fiduciary, capacity, conflict). There has also sometimes been a tendency at the programme design stage to state a weakness within the Yemen government as programme-threatening risks – and later to express this again as a reason why the programme failed to meet expectations. This tautology avoids the need to build in mitigation strategies to ensure the risk is dealt with.

3.19 The low risk rating[81] of the Social Fund for Development (SFD), DFID's largest single investment in Yemen, was appropriate given the comparatively high levels of project management and skills available to the programme. On a broader canvas, DFID looked at the risks posed by social exclusion in the Social Exclusion Analysis (2006) and in the Conflict Audit (2008), but this is not systematically addressed in programme documents. Risk was addressed in relation to the education programme but the mitigation strategy was less robust in addressing specific threats identified. For example, the risk identified to the Secondary Education Development and Girls Access Project (SEDGAP) of political capture and interference in the selection criteria of project areas, for example, is not adequately addressed in any mitigation strategy.

3.20 As we have discovered in other fragile states, risk inflation is often driven by two factors: firstly, a deteriorating security situation; and secondly, the difficulty associated with delivering a well-performing programme given government capacity constraints. A conservative risk-averse approach to Yemen programming would run contrary to the necessity to engage in 'difficult' sectors and/or geographic areas, so the expectation – indeed, the desire – would be to see a portfolio of higher risk projects accompanied by more robust mitigation strategies.

[81] The SFD rating moved to 'medium risk' in February 2009, reflecting the higher spend and concerns expressed in the Conflict Audit (2008) over the risk of political capture of aid.

Table 3. Ratings for Risk and Performance for all DFID Yemen projects

Summary Table showing the Ratings for Risk and Performance for all DFID Yemen projects in terms of number of projects

Risk	Performance					
		1	2	3	Not Scored as projects below £1m	Total
	High		1	2	2	**5**
	Medium	1	1	4	11	**17**
	Low	1			8	**9**
	Total	**2**	**2**	**6**	**21**	**31**

Chapter Summary

- No country engagement plan since setting up the office in 2004. In 2009 a Country Plan was under preparation. The UK government's increasing interest in Yemen from mid-2005 and the downward political and social trends that threatened regional as well as national stability, provided the rationale for rapid scaling up of the country programme. DFID took a lead in applying a 'fragile states' lens to the country analysis. A milestone was the Consultative Group (CG) meeting held in November 2006.

- Close relationship between DFID and other departments of the UK government; demonstrated through a joint HMG Strategy, provided an important unified approach to discussions with the GoY. For example, the DFID-commissioned Drivers of Change and Strategic Conflict Analysis.

- Some issues over the convergence and complementarity between programmes as well as their sequencing; for instance, between PFM and individual sector programmes. The extent to which capacity building in Public Financial Management impacts upon individual sector performances might have determined the choice and timing of investments in those sectors. Also, the strategic importance of pro-poor growth initiatives (notably in private sector development projects) relative to state building/governance and public administration has not been clear.

- Arguments against general budget support are convincing, but options over budget support at sector and/or local levels should continue to be explored as part of future DFID country planning.

- Given Yemen's fragility, we would expect to see a portfolio of higher risk projects accompanied by more robust mitigation strategies.

4. DFID Yemen Portfolio Performance

4.1 Here we examine the relevance, appropriateness, effectiveness and efficiency of the chosen portfolio as it evolved, presenting it in terms of four central themes: Rule of Law, Economic Management, Social Sector programming, and Aid Effectiveness. In so far as results are available – allowing for the fact that some programmes are still relatively new – these are also examined.

A. Rule of Law

The Conflict and Security Lens

4.2 **Relevance.** The Rule of Law programmes were part of the UK government's increasing push for a multi-pronged approach to Yemen, forming part of the UK's 2005 strategy which aimed to bring security, development and conflict objectives together in a 'whole of government' approach; in doing so, the UK began to lead debates among other OECD donors in Yemen.

4.3 In line with the DAC principles for Good International Engagement in Fragile States, DFID shared its analytical studies of 2005 with the GoY as well as other donors. It did not, however, have a clear strategy on how to build donor coherence around conflict prevention, nor for taking forward the recommendations emerging from the analytical work. While programmes such as service delivery (the Social Fund for Development, SFD) and education are viewed as having an impact on latent tensions and might reduce conflict, there is no explicit reference to conflict prevention objectives. In Yemen the use of the term 'conflict' is politically and ideologically charged. It can be interpreted as referring to hard security issues, terrorism or to the specific ongoing violent conflict in Sa'dah governorate. All of these are especially sensitive for the GoY, including (as mentioned above) the label 'fragile state'. For NGOs and Yemenis, conflict is most readily associated with inter-tribal disputes, especially honour killings and with community disputes over land and water. Therefore it was often more appropriate to use language such as 'tensions' or 'disputes'.

4.4 There is a relationship between tribal conflict mediation project work conducted under the CPP, and DFID's JPP programme. The evaluation suggests that a more nuanced analysis of political and geographical specificities might reveal opportunities for a closer collaboration between these two programnmes. Given the relatively small CPP budget for Yemen[82] there might be an argument for joint programming with the DFID country budget[83]. This has been discussed by DFID Yemen, though staffing constraints should be borne in mind. The CPP has been managed by the embassy at post. DFID does not manage any CPP projects at post due to limited staff capacity and their main focus being on a much larger country programme portfolio; however, the DFID Conflict Adviser provides advice and engages in CPP projects to a certain extent.

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[82] The CPP Board awarded £400,000 to Yemen for 2009–2010, a ninefold increase since 2004.

[83] The CPP is a separate fund through the UK Treasury and does not draw on DFID's Yemen budget.

4.5 The regional conflict adviser spends an average 50% of his time on Yemen, in our opinion insufficient given the high priority placed on Yemen's fragility and insecurity and DFID's commitment to mainstream conflict sensitivity across its programme.

Police and Justice Programming

4.6 At the inception phase of the Justice and Policing Programme in 2005, DFID identified the judicial system as a key development challenge; the lack of security and access to justice was a barrier to poverty reduction, and law and order issues were viewed as a priority area to build state effectiveness.

4.7 **Efficiency and effectiveness.** While following good practice models, the inception phase for the programme of integrated justice sector development (IJSD) was, on paper, overly ambitious. For example, the integrative justice pillar was divided into two clusters: justice and policing development. Each of these had a number of components any one of which could then be developed into a single programme. While recognising that this was very much a 'testing phase' over a 12-month period, it was not clear how individual initiatives would then be appraised for continuance. In this phase, there appeared to be a lot of emphasis on the capacity of the programme manager to develop the programme.

4.8 During the inception phase of the IJSD, the senior ranks within the Ministry of Interior were found to be highly supportive of reform in the police, but they noted that more work was needed with the middle and lower ranks in order to garner support. Senior officers suggested that they needed a long-term police adviser and other deployable technical advisers to help take forward reforms, in particular in community policing. The new Justice and Policing Programme (from December 2008) has taken this on board in its design.

4.9 During implementation of the justice component of the IJSD, it was clear that the Higher Justice Institute prefers international experts to work on commercial legislation. Areas such as juvenile justice and public legislation are more sensitive and therefore while local Yemeni experts could be used by the programme, international experts were not in a position to review documents related to these areas. It is not clear how this has been approached in the new programme.

4.10 The approach during what was essentially an inception phase, was to pilot a few initiatives in order to develop a better understanding of the issues and develop relationships with key government actors. From the start, working relations with the Ministry of Interior were viewed as positive by DFID, with less traction within the Ministry of Justice. Part of the approach was to pilot small-scale projects at the community level, e.g. radio programmes on access to justice, public campaigns and seminars on community policing. These initiatives were aimed at working with non-state actors as part of DFID's strategy to incorporate a civil society element into its programme as neither the Ministry of Interior or Justice saw the value in working with non-state actors.

4.11 During 2006/07, DFID became increasingly concerned with UNDP's management and administration of the IJSD (and, indeed, the Public Financial Management (PFM) programme). By its own admission, UNDP was not meeting its reporting obligations and there were significant amounts of both unspent and unaccounted funds. In the inception period, DFID programme staff questioned whether they should be delegating management to a third party (UNDP) of such an important and sensitive project as the IJSD. DFID continued to discuss and formally notify UNDP of their concerns[84], indicating that the choice of UNDP as a partner for the full project phase (from December 2008) would depend on a review of its performance.

4.12 In the event, DFID agreed to a no-cost extension of the inception phase to March 2008. A further extension was agreed until June 2008 as some activities still hadn't been undertaken. The partnership was discontinued from there onwards. The lessons that emerge from this are outlined in 4.16 below.

4.13 The Ministries of Interior and Justice both fully participated in the process for hiring the management company that now implements the JPP. DFID was instrumental in establishing a justice and policing sector coordination group, including both relevant GoY line ministries and other donors. This has been effective as an information sharing forum.

4.14 **Results.** With respect to monitoring and evaluating the justice and policing programme, there were no DFID output-to-purpose reviews for the IJSD, nor an annual review[85]. Although not formally required by DFID this makes it difficult to chart the evolution or impact of DFID's security sector programme. The evaluation concludes that the initiatives piloted during the inception phase developed a better understanding of the issues and helped develop relationships with key government actors. DFID was aware of parallel delivery of informal mechanisms of rule of law which people turned to either in absence of, or lack of trust in, the formal system. DFID recognised that they need to understand what happens at the local level and understand better how informal mechanisms and institutions function.

4.15 The new JPP programme includes some action research, which should be able to address these concerns. Yet in the JPP log frame the overall goal – "justice and policing systems in Yemen able to mitigate and manage conflict" – has proved problematic for the management agent, GRM. It is difficult to attribute and measure how activities with the police will impact on this goal, especially one set at a generic, unspecific level. For example, it does not specify what 'conflict' means, whether at household, regional, national, governorate level, etc. Moreover, the means of verification do not fit with this goal. GRM expressed concern over a mid-term performance appraisal against this log frame. DFID staff in country took on board these concerns and will work with GRM to amend this (subject to MENAD approval) if needed at the forthcoming annual review in December.

UNDP Partnership Arrangements

4.16 The DFID–UNDP partnership was vexed, with some strong views expressed from both sides. But some important lessons emerge:

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[84] DFID signalled to UNDP in June 2007 that they would be undertaking a six-month performance assessment. UNDP were then informed in December 2007 that DFID had decided not to renew the contract.

[85] This is not formally required of projects under £1m.

- UNDP was highly appreciative of DFID's funding of the senior economic adviser post that oversaw the PFM and IJSD projects; this was crucial, and UNDP resource allocations to Yemen could not otherwise have supported this.

- UNDP expressed the view that the expansion of the DFID office introduced a level of formality, and understandably was accompanied by closer project inspection and involvement by staff. The charge of 'micro-management' of the projects came with the perception that 'partnership' had become a sub-contracting relationship.

- UNDP vehemently (and, in the evaluation's judgement, correctly) state that the projects are not DFID projects, but rather are UNDP projects funded by DFID. UNDP has a global cost-sharing agreement with DFID that should form the basis of a country arrangement. If the terms of this agreement are either unclear or inadequate to the particular country circumstances, this should be a matter of review at a higher level. DFID Yemen asked DFID MENAD staff to make an appeal through the New York office about UNDP (and World Bank) performance in Yemen, but to no avail.

- Conversely, DFID was correct to demand and expect better reporting and accountability for the projects. The self-acknowledged bureaucratic shortfalls of UNDP appear not to be improving at a global level. There is no inherent reason why UNDP should be a chosen partner of DFID, but UNDP's long global experience in the governance sector should have made it a natural partner. Also UNDP's role in fragile states and crisis prevention, which DFID often cites, should make them a leading in-country player on these issues. DFID Yemen was neither in a position to implement this themselves; nor were alternative partners apparent at that stage.

- The Ministries of Justice and Interior became used to bilateral discussions between themselves and UK representatives which, in turn, confused and undermined the UNDP–government relationship; DFID later requested that all communication from the government should be directed through UNDP, but some damage had already been done in terms of playing one partner off against another.

4.17 With faults on both sides, too much time was spent on management and administrative issues that should have been sorted out in the first six months of the pilot phase of IJSD. And, as we have seen in the discussion of risk (above), poor management was a risk only recognised in DFID documentation, not in the actual project outline by UNDP. The evaluation notes that there were no DFID staff in country at the time the programme was set up; this is one of the inherent risks of having a split London–Yemen office.

B. Economic Management

Public Financial Management

4.18 DFID's support to Public Financial Management (PFM) included the Strengthening Economic and Financial Management (SEFM) project, 2000–2004 and the PFM Reform programme (2006–2009). Upon the opening of a DFID office in Sana'a, additional support was provided to the PRSP process (preparation, implementation, monitoring) between 2003 and 2007. Our focus here is on the latter two projects.

4.19 **Relevance.** The need for PFM reform was emphasised by the GoY in its national development plans (PRSP/DPPR, Public Investment Programme (PIP), and National Action Plan) as well as by a separate PFM Strategy approved by Cabinet in 2006. From DFID's point of view it also is an entry point to engaging in other sectors, such as the social sectors and for private sector development.

4.20 The PFM strategy supported by UNDP, DFID and other donors reflects a shared vision among government and donors. It brings previously disparate PFM activities together into a more coherent programme. Through its various components it aims to tackle key areas of PFM reform throughout the entire budget cycle.

4.21 The programme was, however, overly optimistic and complex, probably inappropriate to Yemen's extremely low public sector technical and management capacity. There has been little prioritisation and sequencing within and across components[86]. The programme was managed through a two-person project implementation unit (PIU); this was inadequate both in terms of the complexity of the programme and in promoting government ownership. No clear roles and responsibilities for the different programme components and task managers were identified. For example, more work should have been done in fully costing inputs and identifying relevant PFM results indicators (beyond output level)[87].

4.22 DFID has relied mostly on multilateral partners, notably the World Bank, for its PFM analysis[88]. Complementing these, DFID itself undertook a Fiduciary Risk Assessment (FRA) in 2008[89]. The design phase of the new multi-donor PFM reform programme has included lessons drawn from the IMF/UNDP/DFID SEFM programme. These include the need for better coordination between donor agencies and better project management; better assessment of the economic and political risks of taking forward PFM reforms; ensuring that technical assistance is not supply led; and agreeing in advance of starting project implementation an operational response if reforms slow down[90]. These lessons are reflected in the Partnership Agreement signed by donors and the GoY on 13th May 2006. Many of these challenges remained, however, in the UNDP-led PFM reform programme[91].

4.23 It was not clear how the PFM reform programme intended to make linkages with similar initiatives of other donors; for example, in tax administration reform, reforms relating to external audit and scrutiny, and reforms of the Accounting and Financial Management Information System (AFMIS). In addition, the programme did not take

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86 DFID, Fiduciary Risk Assessment, 2008.

87 World Bank, PEFA Yemen, 2008.

88 World Bank's economic and sector work and the regular IMF Article IV review missions. Also there was a World Bank Public Expenditure Review in 1995, a Country Financial Accountability Assessment (CFAA) and a Country Procurement Assessment Report (CPAR) in 2004, and a PEFA report in 2008. Two reports ('Moving Forward with Budget Reform', 'PFM Potential Areas for Priority Attention') were prepared by the WB/IMF which influenced the formulation of the joint-PFM Reform programme from 2006 onwards.

89 DFID, Fiduciary Risk Assessment, December 2008.

90 Key lessons from SEFM project by John Gray/Dr. S. Al-Asaly, October 2004.

91 UNDP, PFM Reform Programme Project Document, 2006.

sufficiently into account the necessity to recruit Arabic-speaking consultants. The PFM reforms are also dependent on parallel progress in civil service reform; in particular, measures to address over-staffing and inadequate public sector salaries. There is no evidence that the PFM reform programme took these issues systematically into account[92].

4.24 Donors agreed to fund PFM reform by means of a pooled fund supporting a joint strategy. But the low effectiveness of DFID's PFM engagement (due to staffing issues highlighted below) has limited the depth of its influence with the Ministry of Finance over pro-poor spending. Moreover, the constituency for reform should have been wider than the Ministry of Finance, including actors like MOPIC and the line ministries. The two inter-ministerial committees for PFM reform – the Inter-Ministerial Committee[93] and the Technical Committee[94] – are largely inactive. Since 2008 DFID has had good access to the Deputy Minister of Finance and has attended the monthly meetings with him. DFID has regular contacts with the National PFM Reform Director and the Public Financial Management Advisory Unit (PFMAU), MOPIC and the President's office.

4.25 **Efficiency and effectiveness.** Considering the weak in-country capacity of most multilaterals such as the World Bank, UNDP and the EC, the choice for a lead donor was limited. A natural partner for PFM might have been the World Bank, but they declined leadership on this[95]. The implementation was thus undertaken by UNDP, but not without significant problems such as slow implementation, poor technical input and poor reporting. DFID tried to address the capacity issues of UNDP through a cost sharing arrangement for the UNDP PFM programme manager. Some delays were in fact beyond UNDP controls (e.g. change in Minister of Finance); many would have been avoidable had UNDP programme management been more effective and the design of the programme more realistic and appropriate. But had DFID recognised sufficiently the reality of UNDP capacity from the start, expectations may have been more realistic. Stronger lobbying at headquarter or regional levels of UNDP and a permanent position of the economist in DFID country office would also have helped. DFID discussed concerns with the UNDP programme manager and also took them to the UNDP Country Director[96] (see also evaluation findings on the IJSD programme).

4.26 The country case study review of DFID's engagement in fragile states considers that providing experts directly to the government might have achieved just as much, although at the time of designing the project there was no real demand for this on the government's side. Moreover, it is suggested that World Bank and UNDP should have taken a more interested role in the line management of their respective experts, a

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92 DFID Engagement in countries in fragile situations: A Portfolio Review, Case Studies, Evaluation Report EV702, January 2009, p. 17–30.

93 Cabinet Decision No. 134, 2005.

94 Minister of Finance Decree No. 430, 2005.

95 The WB economist was originally hired as macro-economist but has been drawn into trade, and other issues, where he served as WB focal point on delivery dialogue and analytical support for Yemen's trade related issues.

96 DFID, Letter to UNDP Country Director on PFM Reform Programme, 8 February 2009.

point reflected in the weak reporting from both agencies on the progress of these posts[97].

4.27 **Results.** In terms of results, the project has seen some improvements in:

- Linking national policies as articulated in Public Investment Plan and the DPPR with the national budget for the Fiscal Year 2008.
- Transparency of the budget through the adoption of the Government Financial Statistics (GFS) 2001 Functional and Economic Classifications and making all budget information publicly available on the MOF website.
- Comprehensiveness of the budget by better including parts of the Extra-budgetary Funds.
- Improvements in internal controls with the introduction of a new accounting manual and more comprehensive reporting.

4.28 Ultimately, however, the project had limited impact on improving the quality of public financial management in Yemen. As the independent final evaluation of the project in July 2009 concludes the project did not achieve its aims, goals and objectives. This is partly due to slow progress by the programme itself but also due to the fact that the GoY has yet to show real political commitment to address the burgeoning fiscal deficit by improving non-oil revenue collection and cutting expenditures (especially fuel subsidies and the high wage bill).

4.29 The GoY and DFID felt that UNDP should have provided more guidance to the PFMAU in how to engage and support the GoY in driving the reform agenda forward. Although GoY commitment has varied over time, there appears to have been closer engagement over the last 18 months. For example, the GoY engagement with the WB-managed PEFA mission was very high, demonstrating the potential for faster progress by GoY in this area[98].

4.30 The evaluation team agrees with the findings of DFID's annual review, 2008, which notes that support to PFM by donors such as DFID is essential, despite progress being slow[99]. The Ministry of Finance is keen to improve its PFM capacity at a technical level so sustainability could be achieved if coordination and strategic leadership can be improved. Financial sustainability is unlikely given the slow pace of civil service reform and the fact that much of the TA has to be procured externally.

PRSP Support

4.31 DFID's PRSP Support Fund was initiated in 2004 and ended in 2007. It has paid for a number of baseline studies, including support for a household budget survey and

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[97] DFID Engagement in countries in fragile situations: A Portfolio Review, Case Studies, Evaluation Report EV702, January 2009, p. 17–30.

[98] DFID, Annual Review, June 2008.

[99] DFID, June 2008, ibid.

census, and the Drivers of Change and Conflict Audit reports. It was also set to fund a PRSP Monitoring and Statistics project implemented by MOPIC, civil society organisations and line ministries and co-funded by GTZ and World Bank (WB). The aim was to improve the use of data in GoY development planning by ensuring that reliable data are available that can be accessed through a national monitoring system. The main partners were the MOPIC, Central Statistics Organisation, line ministries and on the donor side GTZ and WB. The project has been delayed in implementation (with no spend to date), which in part explains why the total PRSP Support Fund spend was only 43% by the end of the project.

4.32 The quality of development information has generally improved, but the government Statistical Master Plan is not yet fully financed. The DPPR has a monitoring and evaluation framework that aims to provide the basis for reviewing performance in the future. Another mechanism is the regular follow up meetings of the Consultative Group Meeting (CGM) 2006 which provides information on the extent to which donors have followed through with commitments to enhance aid delivery, accountability and performance.

4.33 **Relevance.** With the exception of the support studies which were both relevant and highly useful to the early development of UK strategic thinking, the support fund has been under-used. Programmatically, what came out of it was an Oxfam PRSP Monitoring programme (comprising seven sub-component projects). This was conceptually part of the PRSP Support Fund but administratively separate; it was fully executed. The goal of the project was to support the GoY in successful implementation and dissemination of the PRS through mechanisms that are realistic, gender and socially inclusive, and which draw on analysis from within Yemen and from elsewhere.

4.34 **Results.** Oxfam successfully engaged civil society in the PRS process through building effective partnerships in 10 districts between civil society and public actors at national, governorate and district levels[100]. This has paved the way for more widespread acceptance for civil society's voice in the planning process and implementation of plans at a decentralised level. It has also helped to provide a gender perspective to the PRSP by engaging the Women National Committee. Also the project helped to prepare a Poverty & Social Impact Analysis of Diesel Subsidies.

4.35 The Oxfam programme achieved a substantial audience given the geographical scope of the project[101]. It provided a programmatic model on how to mobilise PRS implementation and monitoring at four different levels: central, governorate, district and community level. It is unclear whether the study has made significant changes in the thinking and approach of key policy makers, but the president's chief economics adviser was aware of the study and recommendations[102].

[100] DFID, Project Completion Report PRSP Support Fund, 15 December 2006, p. 6.

[101] DFID's output-to-purpose review of Jan 05 stated that the programme achieved 95% of its first year work programme, including capacity building of two government partners and nine CBOs and their local networks consisting of 81 member organisations in seven governorates. Utilising the CBO network built and supported by Oxfam, 250 sessions were held in 54 districts, reaching a reported 20,500 people.

[102] DFID, Summary Review PRSP Fund, 2006.

Private Sector Development

4.36 The GoY recognises the need to boost private sector investment as a platform for sustainable growth, poverty alleviation, employment generation and external trade, and donors have provided increasing support to private sector development (PSD). But despite these efforts, private sector activity has not yet expanded at the scale needed to support the country's social and economic development agenda.

4.37 The focus of this evaluation is on three DFID-supported projects; two directly on PSD, co-financed with the International Finance Corporation (IFC): Business Tax Simplification Programme & PSD Programme; and the third (not strictly PSD, though included here because it is co-financed with a private bank) on water (Islamic Development Bank Water and Sanitation project in Al-Howta) (see Box 1).

4.38 **Relevance.** DFID's private sector work – grouped under the generic title of "non-oil growth" – has been relevant to the Yemen context and is aligned with Yemen's Vision 2025 and the DPPR. It fits well with DFID's corporate policy on PSD, the White Paper focus on water and the wider HMG strategies of 2005 and 2008, the latter of which highlights economic decline as "the single greatest challenge Yemen faces"[103]. Non-oil GDP growth has stayed positive and reached 5.3% in 2007 but is estimated to decline to 4.8% in 2008[104]. The unemployment rate is estimated at 35%[105].

4.39 The implicit rationale of the DFID programme as a whole is around a state building/governance agenda with heavy focus on public administration and services. How DFID's support to PSD and the water sector fits into this has not been made explicit. Does this imply a gradual shift in focus towards a pro-poor growth agenda?

4.40 **Results.** The IFC Business Tax programme has met all the targets set in the original timeline, namely: completing the Benchmarking tools (compliance costs perception survey; inventory of sub-national taxes, licensees and fees; and completion of the process mapping for income tax, Goods and Services Tax (GST), Small/Medium Enterprise (SME) tax, auditing and inspections), completing the income tax redraft, completing the design for GST simplification, and completing the design of the SME tax system. The key challenge is in the implementation of all of these changes by the parliament (income tax and SME), and the authorities (GST). The project has had difficulties in effectively incorporating the private sector into the dialogue and activities. But this is slowly changing. For example the tax authority agreed on reforming the income tax (and the elimination of incentives), GST reform, and to host SME capacity and skills training provided by this project. The project is now absorbed by the larger IFC PSD programme.

4.41 The project has led to a significant improvement in Yemen's ranking in the World Bank's Doing Business report. The score jumped from 113 in 2008 to 98 in 2009; in 2004 Yemen was the most expensive country in Middle East and North Africa

[103] HMG Strategy Yemen, DFID Submission, 22 October 2008.

[104] IMF, Article IV Discussions, 2009.

[105] New York Times, A Poverty Plan, 3 June 2009.

(MENA) for starting a business[106]. Interviews with IFC highlight that the projects have contributed to creating 12,000 new jobs and US$4 million additional investment[107].

4.42 The IFC Private Sector Development project at almost £9 million is a very new project, but will become DFID's second largest investment in Yemen. The Netherlands and IMF are co-funders. DFID had previously worked already with IFC on PSD in Yemen through a regional programme[108].

4.43 In spite of the good technical and management capacities of IFC (and IDB in the water/sanitation project), the fact that all non-oil growth projects were advised and managed by DFID London staff on a part time basis (economist, infrastructure adviser), and with implementation partners (IFC, IDB) operating from regional or national offices, has obviously had implications for the efficiency of running the programmes, in particular with respect to the continuity and depth of the dialogue with the GoY.

C. Social Sector Programming

4.44 Poverty and social exclusion are among the most significant aspects of Yemen's fragility. In line with the OECD/DAC Fragile States Principles, DFID's general framework of engagement in Yemen recognised the importance of preventing a deteriorating socio-economic climate by scaling up even though there was a risk in instability[109]. This approach is also in line with the UK Government's 'Prevent' agenda

Box 2 DFID Water and Sanitation Project

The Water and Sanitation project with the Islamic Development Bank (IDB) is new, and it is too early to assess progress. In terms of relevance. there is a clear pro-poor focus in the project which should help to improve access to sustainable drinking water and sanitation to over 36,000 people living in a poor city (Al-Howta) in southern Yemen. It will directly contribute to water and sanitation MDGs, and provide a demonstration effect for similar schemes that could be scaled up across Yemen. According to a survey carried out during the feasibility study for this programme in Al-Howta city and its surroundings, the majority of the households (98%) consider the upgrading of the water supply system and sanitation facilities as a top priority. DFID's conflict audit (2008) identified this city in the south as lacking investment which has caused heightened tensions.

[106] World Bank, Doing Business 2005. World Bank, Doing Business 2009.

[107] Interview with IFC.

[108] The PEP MENA programme.

[109] Although there was no formal strategy that stated this, the 'game plan' was outlined in several internal Framework Papers for UK development assistance to Yemen.

outlined in March 2009[110]. DFID's education and health programmes in particular recognised the institutional risks as well as the dangers of exclusion for particular groups of poor people. DFID's choice of programmes was nevertheless pragmatic in spreading the risks between one quasi-governmental programme (SFD) and three projects implemented through line ministries – the Basic Education Development Programme (BEDP), the Secondary Education Development and Girls Access Programme (SEDGAP) and Maternal and Neonatal Health (MNH).

4.45 As with all programmes under the DFID portfolio, each of the sector programmes here exists in a context that is complex and is directly affected by external as well as inter and intra-ministerial political events and rivalries. Improvements in social exclusion and rural poverty indices have been difficult to measure[111], with existing data being superficial and contradictory[112]. The impact of the steep rises in food prices in 2008 have yet to be measured.

4.46 The relatively sophisticated analysis presented by SFD contrasts starkly with that of the education and health projects. These latter two suffer from a lack of cross-cutting economic, political and social analysis. The GoY does not recognise traditional occupational or status distinctions and therefore GoY data are not disaggregated by social groups[113]. The evaluation has therefore found it difficult to measure impact in education and health projects outside the SFD.

Social Fund for Development

4.47 **Relevance.** The Social Fund for Development (SFD, see Box 3) is something of a flagship programme for DFID in Yemen, having been supported from 2003 and proportionally absorbing the largest percentage of expenditure in the DFID Yemen country programme. In terms of socio-economic indicators, its relevance is incontestable. The only outstanding question is the wisdom of supporting a quasi-governmental structure, which we further discuss below.

4.48 The predictability of DFID funding was mentioned by SFD staff as a very positive factor in helping them to plan and budget. DFID has worked with SFD on their medium-term funding framework and has helped them to ensure that other donors also provide more predictable funding rather than the habit hitherto of "dumping" funds at the end of the financial year.

4.49 DFID's unearmarked core funding and targeted technical assistance appears to be highly appreciated by the SFD management. However, the evaluation understood that SFD allocates DFID funding to specific projects and then bases financial

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[110] Pursue, Prevent, Prepare and Protect – The United Kingdom's Strategy for Countering International Terrorism, HM Government, UK, March 2009.

[111] Annual trends cannot be discerned without comprehensive household surveys, and the next national survey is not due until the first quarter of 2010.

[112] Progress Report, Development Partnership Arrangement, August 2007–July 2008.

[113] Social Exclusion Analysis – Yemen April 2006. The Ministry of Education data for BEDP are, however, disaggregated by sex.

reporting to DFID, and requests for DFID payments, on expenditure of those projects. There is no tension as such in this arrangement, but it is interesting to contrast this with DFID's stated purpose in using core funding to encourage other donors to support a more structured approach to SFD replenishments. The question is whether the de facto allocation by the SFD undercuts the principle[114].

[114] This issue prompted the recent audit report to recommend that DFID Yemen "should make decisions on payments to SFD according to the MoU funding profile, evidence of overall SFD financial need and assessment of SFD organisational, project portfolio and financial management (including management of microfinance lending), rather than funding needs of SFD sub-projects", Internal Audit Report, Final Report: Yemen, March 2009.

Box 3 The Yemen Social Fund for Development

The Social Fund for Development (SFD) is an autonomous Yemeni agency established in 1997. Its Director is the Deputy Prime Minister and Minister of Planning and International Cooperation; its board of Directors include Ministers and is chaired by the Prime Minister. It was originally supported by the World Bank to help mitigate the impact of structural adjustment and it has now evolved into a highly effective and efficient organisation focused on poverty reduction and community development. It is essentially an independently funded quasi-governmental institution that works across Yemen with local communities to identify and respond to their development priorities. The Fund's stated objectives are:

1. Finance, directly or indirectly, product and services projects carried out by individuals, households, micro-enterprises, and other beneficiary groups.

2. Provide the required finance for social development activities, such as health, educational and environmental and other services.

3. Assist local institutions in developing their capacities and upgrading their efficiency in providing services.

4. Generate new employment opportunities for the beneficiaries through private projects or assisting productive projects to improve standards of life of the rural poor and urban inhabitants and to increase their income level.

5. Implement high-density employment projects, including roads improvement, water and sanitation, and maintenance for public utilities and foundations directly by the Fund.

6. Support training and rehabilitation centres and enhance skills in relevant vocations[115].

Some SFD projects are co-funded by line ministries, and SFD supports GoY to implement programmes at community level (micro finance, health and education); there is a clearly defined and transparent poverty criteria for identifying and selecting recipient communities.

SFD is supporting decentralisation and has trained all 6,000 elected councillors in Yemen. It establishes institutions and processes at district level that help communities to monitor and hold GoY to account. SFD has built community capacity for planning, financial management and monitoring. Their experience has informed the National Strategy for Local Government. The local institutions they develop create forums where different voices and perspectives can be heard and where conflicts can be mediated. It has an important role to play in state building and developing governance structures at local level. With its impressive record in terms of achieving its objectives and impacting the lives of poor people, SFD is fully aligned behind the Yemen National Development Plan; there is now an emphasis on interventions to promote non-oil growth and employment in rural areas.

[115] Aim stated in Law No. 10 of the 1997 establishment of SFD.

4.50 Over the years SFD has aligned itself more closely with government priorities and has played a unique role in state building, helping to provide space and mechanisms for citizens to participate in and engage with government at the local level.

4.51 **Efficiency and effectiveness.** The SFD is the first Yemeni institution to rely on targeting based on poverty indicators. It has a well developed, independently evaluated, transparent system for targeting where the need is greatest. SFD allocates funds to each governorate and district in Yemen on the basis of the numbers of poor people. It also makes allowances for areas of very low density population. Some of its initiatives, such as the capacity building programme, have been country-wide in all 333 districts of Yemen[116]. A DFID-supported 2006 evaluation[117], and a 2007 Joint Donor Review, suggested that this is extremely effective, wth more than 70% of its funds reaching the very poorest in the selected districts. Qualitative evaluations have also been undertaken of the SFD and these provide insight to the nature of relations between communities and the state in Yemen[118].

4.52 The MIS monitoring system introduced in 2004 was reported as being quite weak in the first two years[119]. This improved in subsequent years and SFD now uses independent surveys to measure the impact of its programmes and government data to identify areas for work according to clear poverty criteria[120]. SFD has begun to include conflict sensitivity (targeting, community liaison officers, conflict mitigation, lessons sharing, etc.) in their programming, though their capacity here could be further developed with support. SFD works in conflict-prone governorates, including Sa'dah. It has also helped build state capacity at governorate and district Levels throughout the country, helping local councillors to understand their role and districts to strengthen planning, finance and communication with communities.

4.53 The participatory methodologies that underpin the SFD's community development approach is laying the foundation for communities to become active partners alongside districts and governorates, and encouraging greater transparency, equity in access to services, and increased accountability. The SFD has built capacity of NGOs and is helping to nurture a more accountable NGO sector. SFD supports around 600 NGOs and this currently increases by 25 a year. Many of the NGOs supported are women's income-generating organisations which lack basic financial and organisational skills that SFD provides.

4.54 Nevertheless, SFD is not without faults. Its governance structure has an over-reliance on the influence and support of political appointees, including the Deputy Prime Minister. Although the alignment with ministries has evolved over time, the issue of sustainability – particularly in view of the relatively low level of integration between

[116] SFD, 2006, Impact Evaluation, supported by interviews with Head of SFD Evaluation Unit.

[117] SFD, 2006, ibid.

[118] SFD, 2006, ibid.

[119] See, for example, the Joint Progress Monitoring Review, Aide Memoire, December 2005.

[120]The Head of SFD's M&E Section quoted an independent Technical Expert from Berkley USA, currently working in the M&E Department, as saying that the reliability of GoY data was in his opinion improving.

SFD and local government – is a concern. The SFD has been successful in building a close partnership with the Ministry of Education but at least until 2006 the relationship with the Ministry of Health was characterised by mutual mistrust[121].

4.55 **Results.** Since its inception in 1997 the SFD has exceeded objectives, and has exceeded the outcomes expected by DFID. According to the Joint Progress Report in 2008, targets for sector programmes were exceeded by 25% and the school enrolment rose beyond the annual target of 10%[122]. Participatory methods (especially Participatory Rural Appraisal tools) are creating space for the views of all groups to be discussed. There is rich monitoring and evaluation material produced internally each quarter. Gender inclusion indicators include the number of female beneficiaries, female staff and consultants, women's participation in project prioritisation and their participation in community committee formation and as members. The highlights of progress in recent years include:

- In education, 430,640 children enrolled in SFD schools from May 2004 to April 2006, an increase of 122% for girls and 91% for boys[123]. From January 2007 to Feb 2008, 1,400 classroom construction/rehabilitation projects were undertaken[124].

- 2,000 women health workers have been trained[125].

- SFD constructed 56 new feeder roads in rural areas. Their M&E system indicates that 335,755 beneficiaries use these roads. Broader SFD social indicators suggest that some 760,000 people now pay at least 20% less for basic commodities as a result of opening new markets[126].

- Some 6,000 elected councillors country-wide and 1,000 district officials have been trained in their roles and responsibilities[127]. They have institutionalised the representation of women in local committees so that women's voices can be heard. However, the main criticism following this work (highlighted in the 2006 Impact Evaluation) was that without fiscal decentralisation this training was essentially done in a vacuum and thus could have undermined support for engaging communities.

4.56 The commonly stated concern over SFD is that it bypasses GoY systems while creating an 'island of excellence' partly ensured by higher salary scales than GoY ministries. It is also a highly convenient instrument for DFID that absorbs and spends money relatively quickly. These charges are undoubtedly true, though documentation suggests that SFD has evolved its strategy to align with and

[121] SFD Project Completion Report, 2004.

[122] Joint Donor Review Mission, December 2008. These reviews were undertaken annually from 2006.

[123] DFID Performance Review for SFD, Phase III, March 2009.

[124] DFID Performance Review for SFD, Phase III, February 2008.

[125] SFD, 2008, Progress Report.

[126] DFID, ibid, March 2009.

[127] SFD, ibid.

complement GoY's strategies rather than competing with or bypassing the government. SFD is increasing its focus on helping communities to voice their demands and hold government accountable.

4.57 The heart of the debate lies in the priorities that DFID sets for itself, bearing in mind that DFID has not yet had a clearly articulated country strategy. If efficient delivery and addressing MDGs is the uppermost priority, a continued engagement with SFD is a strong option, also taking into account substantial inputs to the Fund from other donors. The alternative – a higher risk strategy of budget support through central government line ministries – implies weaker delivery mechanisms counterbalanced by much-needed capacity development and financial investment.

4.58 Finally, there is an issue of project convergence. The SFD has education and health components that run parallel to MoE and MoH provisions, even if the 'fit' with government policy is optimal. The danger – and one which the evaluation witnessed at first hand – is that, for instance, schools receiving SFD project funds are relatively 'favoured' in terms of hardware, quality education inputs and consistency in funding. This is not inherently a bad thing, but it does highlight a classic development dilemma: in a country with chronic systemic and financial shortcomings, is it better for DFID to make small investments where outcomes have a greater chance of success, while accepting that fundamental changes at a national level are beyond its means?

Education Programmes

4.59 DFID's contribution to basic education in Yemen includes:

- £15 million over five years through the Basic Education Development Programme (BEDP).
- About 50% of the approximately £20 million over four years contributed to the SFD (above).
- About £0.5 million per year as technical support, including a long-term expert and contribution to the World Bank-administered TA Trust Fund.
- Additional to DFID Yemen spend, $40 million over four years through the Education for All Fast Track Initiative (FTI), a global initiative.

Box 4 The GoY Basic Education Strategy and the DFID-supported Basic Education Development Programme

In 2002 the GoY developed its Basic Education Development Strategy (BEDS). The implementation of this has been greatly influenced by the decline in economic conditions in the country. In 2004, a Partnership Declaration for Implementation of the BEDS was signed between the GoY and the World Bank, UNICEF, WFP, ILO, UNESCO, EU and the governments of Germany, United Kingdom, the Netherlands, and France. The objective of this declaration was to harmonise strategies and effectively allocate all government and donor resources for basic education.

The major outcome of the Partnership Declaration has been the Basic Education Development Programme (BEDP) which DFID has funded from June 2004, the objective of which has been to assist the government in expanding the provision of quality basic education (6–14 year olds) for all, with particular attention given to gender equity. The objectives of BEDP are to increase enrollment in basic education, improve student's learning, achievement and retention in basic education, and improve the implementation capacity of education policies and efficiency of resource usage[128].

4.60 **Relevance.** BEDP was to be implemented throughout the country, while in fact the operation of BEDS has been concentrated in only four governorates[129]. To some extent this explains the policy disjuncture and overambition of targets set by BEDP. In the first four years of the project, the Ministry of Finance had not released figures for the education budget and the MoE was not meeting targets set in its annual workplans. Moreover, tracking project outcomes has been constrained by poor statistical records of the MoE.

4.61 The result has been a major redesign of programme targets, resulting from lessons learned in the first three years. The log frame for the BEDP programme has been redesigned (May 2009) to make the indicators verifiable and the objectives more realistic. DFID TA enabled the MoE to develop a Medium Term Results Framework as well as an Expenditure Framework in 2006. MoE is regarded by other ministries as being the most advanced in this respect.

4.62 Donor concerns about the Ministry of Education's financial management led to the development of a Project Administration Unit (PAU). DFID was moving towards a sector-wide approach (SWAp) from 2006 to 2008 and BEDP was regarded as a 'pre

[128] World Bank, BEDP Project Information Document, Report No. AB975, http://www-wds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2004/06/22/000104615_20040623095533/Rendered/INDEX/PIDrevised0june22.txt

[129] World Bank Project Appraisal Document, Secondary Education and Girls Access Project, February 2008 (cited in http://en.wikipedia.org/wiki/Education_in_Yemen#Basic_Education_Development_Project_.28BEDP.29)

SWAP project'. The MoE expressed satisfaction that DFID was promoting alignment with other donors towards this end.

4.63 **Efficiency and effectiveness.** Since 2006, DFID's contribution to BEDP has been through a pooled fund[130] amounting to about $120 million, with RNE (Netherlands) and the World Bank being the other two key partners to the fund. Performance reviews suggest that this pooled arrangement has been a more effective support to the MoE, rather than bilateral funding by individual agencies[131]. Members of the PAU who were interviewed by the evaluation team were consistent in their appreciation of DFID's role in promoting donor alignment, stating that this had reduced transaction costs for the government and had strengthened the ministry's leadership. There has been some dispute (mainly between World Bank and the MoE) over who 'owned' the TA to the Trust Fund, but useful outputs have included a Medium Term Results Framework (2006–2010) and a Medium Term Expenditure Framework (2007–2010).

4.64 BEDP was slow to start implementation, and ownership from the MoE has been limited. This was in part been due to World Bank micro-management of the project, which impaired good working relations with the MoE[132]. For example, the Bank failed to inform the Project Administration Unit (PAU) of the $13 million that has been sitting in the education trust fund, effectively undermining PAU's spending forecasts[133].

4.65 From 2005 to 2007 DFID's Education Advisor was still relatively 'hands off' with just four visits a year. In 2008 after the departure of the TA consultant, donors, including DFID, became concerned that BEDP was making slower progress than expected. In part this reflected fundamental problems with the design of BEDP – the objectives were unclear and the log frame too ambitious. Progress towards a SWAp was also largely undermined by lack of political will on the part of the GoY.

4.66 **Results.** The Development Partnership Arrangement (DPA) between DFID and GoY in 2007 established benchmarks for two levels of improvement in basic education: (i) gross basic enrolment rate increasing from 77% to 90% between 2006 and 2010 (3% per annum); and (ii) a reduction in the "gender gap" between girls' and boys' enrolment in basic education from 25% to 11% between 2006 and 2010 (3% per annum). The enrolment rate has not significantly risen in the first year of the DPA[134], though in terms of absolute numbers, an additional 298,233 children were enrolled in the period[135]. MoE statistics report the gap between the rates of enrolments of

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130 In November 2006, DFID signed a Technical Assistance Trust Fund agreement with the World Bank.

131 DFID Output-to-Purpose reviews, June 2006, June 2007 and July 2008.

132 The point was conceded by the Bank itself during the evaluation mission.

133 Briefing note for visit by Mark Lowcock and Melinda Simmons, September 2008 (restricted).

134 The MoE reported in 2008 an enrolment rate of 75.4% in 2006/07, an increase of 3% on the previous year, but still not at the level agreed in the DPA. Also, the GoY used a different baseline for the school age population than that agreed in the DPA.

135 UK–Yemen Development Partnership Arrangement, 2007–2010: Progress Report (July 2008), citing the 2008 Joint Annual Review.

males and females reached 24% in the favour of males in 2006/07, from 28% in 2005/06[136].

4.67 The BEDP programme is expected to achieve neither its objective of 95% enrolment, nor those relating to completion rates. Nevertheless, DFID's support to BEDS from 2003 has seen an increased school enrolment of boys and girls from 62% in 2003 to 75% in 2008; and Student Achievement Tests in 2005 and 2008 show an improvement in students' overall performance.

4.68 The experience from BEDP has informed DFID's support for the Secondary Education Development and Girls Access Programme (SEDGAP) from 2008. This programme aims to improve gender equity, quality and efficiency of general secondary education in selected districts, mostly in rural areas. The project will target access and retention in districts with very low female enrolment.

4.69 As yet, it is too early for outcomes to be assessed and the evaluation can only note the complementarity in design between this and the BEDP and the efforts DFID advisers have made towards developing sector-wide approaches (SWAp) with GoY. Despite the fact that progress towards a SWAp has been slow, it was appropriate that education advisers should invest time and prioritise this. The Ministry of Education is the largest ministry in Yemen and its progress is watched and followed by other ministries.

Health

4.70 The Yemen Maternal and Neonatal Health Programme (MNHP) had the objective of strengthening government capacity to ensure provision of and access to quality midwifery and obstetric services. This was initially drawn up as a UNICEF/UNFPA project, with DFID being a 'silent partner' donor, channelling its funds through – and entrusting the lead donor role to – the Netherlands. The project thus combined two donors in a single MDG geographically focussed project that was set to spend approximately £1.5 million per year.

4.71 **Relevance.** The initial stated purpose of the project was to have a sustained increase in the utilisation of quality midwifery, obstetric and family planning services by poor and marginalised women in five governorates. However, how this project fitted into the wider DFID portfolio was never made clear. If service delivery through health projects is an entry point for change, why was a focus on maternal health of particular importance? It was not until much later in the project's history that efforts were made even to describe the main components of Yemen's health system. Important omissions were in the detail: DFID's original project memorandum did not, for instance, outline how district level service delivery would be possible under the current fiscal and legal arrangements available to district authorities; neither did it outline how it would effectively address chronic capacity constraints at this level.

4.72 **Efficiency and effectiveness.** DFID's first annual review was undertaken in September 2006 following a nine-month inception phase. At that stage there had

[136] As above, the caveat is that the GoY used a different baseline for the school age population than that agreed in the DPA.

been a reasonably good quantitative and qualitative needs assessment, which could have been used as the basis for improving governorate-level planning and management of MNH services. However, no longer-term project implementation plan was produced; the project budget and log frame was only for the first 12 months of the project, and was very much delayed. Most importantly, strategic issues were not addressed – for example, building sustainable planning and management capacity at central and governorate levels.

4.73 The fault appears to have been at the level of government commitments. The objectives for the GoY's health sector were still very general and not yet prioritised or linked to the budget, and MNH health policy statements had not yet started to demonstrate any more reflection of the principles of inclusion, participation and accountability. There was little senior political support within the Ministry of Public Health Policy (MOPH).

4.74 DFID's initial assessment of capacity of UN agencies (UNICEF and UNFPA) implementing the project was incorrect; their capacity was weaker than understood. DFID had assumed, for instance, that the UNICEF project manager would focus solely on this project, but in fact he has several projects in his portfolio. DFID also seriously underestimated the complexities of joint UN working. The role of the Royal Netherlands Embassy (RNE) Sana'a in managing the project on DFID's behalf was also not clear enough. A formal agreement setting out the roles of the RNE and DFID should have been agreed at the beginning of the inception stage.

4.75 DFID's project review undertaken in July 2007 concluded that the project design was poor. It was too top-down, primarily focused on the supply-side, and with too little attention paid to weak implementation by UN agencies, themselves substituting for very low MOPHP capacity[137]. A redesign of the project, its objectives and its log frame was undertaken in 2007. Six core measurable indicators were identified by the MoH, though the analysis provided by DFID and others suggests that the MoH's capacity to analyse and use data is still lacking. Nevertheless, lessons were incorporated from the inception phase and there has been some progress in the new phase.

4.76 In the health sector TA is contracted by the ministry rather than by a Project Support Unit and there is strong government ownership. The new log frame for MNHP aligns with the national programme but the Monitoring and Evaluation of the MNH programme is not aligned with government planning cycles. The Reproductive Health Technical Working Group provides a good model for multi partner cooperation.

4.77 **Results.** The poor results of the inception phase were reflected in low scores of 4 (purpose rating) and 5 (output rating) in DFID's project completion report of July 2007[138]. DFID's Annual Review in July 2008 took into account the redesign of the project, though results on this were too early to tell. The evaluation notes the statement that "all the Objectively Verifiable Indicators monitor impact, rather than

[137] DFID, Performance Review, 27 July 2007.

[138] DFID, Performance Review for Maternal and Newborn Health Project, 27 July 2007.

process, and there is a risk that the project will be far advanced before we begin to see real evidence of impact. In the meantime, there is a need to capture interim progress that would indicate that the programme is starting to deliver."[139] The current M&E system focuses only on mortality reduction and does not include morbidity. Nevertheless, interviews with representatives of the Netherlands and SFD suggests that the MNHP is gradually making family planning services more accessible and enabling more women to be able to deliver with a skilled birth attendant.

Humanitarian Assistance

4.78 In response to increasing displacement from the conflict in Sa'dah, DFID in February 2008 gave an initial £100,000 to the World Food Programme's (WFP) Emergency Operation (EMOP). Since then, the contribution has risen to £2.54 million, and DFID is the largest single donor to the EMOP.

4.79 Current concerns are around access and monitoring. WFP covers the two governerates, reaching some 77,000 people displaced by war. The distribution is carried out by the UK agency, Islamic Relief. DFID accounts for about 12.5% of the cash value of WFP's emergency programme[140]. The Yemen office has pressed for more comprehensive monitoring from WFP, noting that no post-distribution monitoring is undertaken that would inform better targeting and impact. Meanwhile, a planned needs assessment has been delayed because data collection through a household survey has recently been blocked by the Governor's office in Sa'dah.

4.80 With food insecurity increasing[141], WFP have expressed worry that the GoY's Social Welfare Fund (SWF) safety net is woefully inadequate and poorly targeted. The SWF has 1.1 million households on the list, due to increase to 1.7 million[142]. WFP poverty mapping suggests a mismatch between food security and poverty indices, requiring more sophisticated data gathering and analysis. The evaluation recommends that DFID looks at how it might better support food security and safety nets in the south as well as north Yemen.

D. Aid Effectiveness

4.81 Yemen is not an aid-dependent country; it had about 3% of ODA to GDP in 2005 and in terms of aid per capita it ranks fifth from the bottom among all fragile states[143]. However, aid plays a significant role in financing Yemen's development expenditure.

[139] DFID, Maternal and Newborn Health Annual Review, 31 July 2008.

[140] Interview with WFP Country Director.

[141] The preparation documents of WFP suggest 7 million people in the country are food insecure, including ½ million children.

[142] Library of Congress, 'Country Profile: Yemen: August 2008'. Since 2006, direct cash payment to beneficiaries has been US$10 per month and lump-sum payments for emergencies. In March 2008, the government announced it would double the amount of cash transfers under this programme and also increase retiree monthly pension benefits by US$7.50.

[143] OECD DAC 10th Meeting of Fragile States Group, Report on Resource Allocations to Fragile States, June 2008.

Rough estimates indicate that external financing of the Public Investment Programme amounts to almost 50%[144].

4.82 The 2006 Paris Declaration Baseline Survey[145] shows no aid recorded on budget for Yemen, reflecting the fact that no mechanism existed for the inclusion of donor funds in the annual budget. By contrast, the 2008 Survey[146] results report a substantial increase, with 33% of total aid disbursed recorded in the national budget. The increase is a result of securing government counterpart contribution to donor-funded projects, as well as some methodological changes in recording. The Aid Harmonisation and Alignment Unit within MOPIC is currently developing an aid database that should assist Yemen in making further progress in the future.

4.83 DFID has been very much a leader on aid effectiveness in Yemen. Following attendance at the DAC High Level Forum in Paris in March 2005, the Government of Yemen (GoY) requested to be one of the nine pilots under the OECD DAC international initiative to implement the Principles for Good International Engagement in Fragile States. UNDP and DFID supported the GoY in the facilitation of the pilot, including the provision of a consultancy to assist in the preparation phase.

4.84 From the outset of the pilot, the GoY expressed serious reservations about the terminology and concept of 'fragile states' in relation to Yemen. The GoY asserted that Yemen was politically stable and maintains a state of security and stability. The term 'fragile states' was replaced by the 'Good International Engagement Initiative' (GIEI).

4.85 Initial GoY-donor consultations led to a workshop, with civil society participation, in September 2005 at which the OECD Principles were discussed and prioritised and actions were agreed. The four priority principles agreed for Yemen were:

- Focus on state building as the central objective (Principle 3);
- Align with local priorities and/or systems (Principle 4);
- Coherence and coordination issues (Principles 6 & 7);
- Stay engaged long enough to give success a chance and associated issues related to instruments (Principle 11).

[144] MOPIC, Republic of Yemen Public Investment Programme, 2007–2010.

[145] OECD DAC, 2006 Survey on Monitoring the Paris Declaration.

[146] OECD DAC, 2008 Survey on Monitoring the Paris Declaration.

Box 5 DFID and the Gulf Cooperation Council

Given the dominance of Arab private and public donors in Yemen and its regional ties within the Middle East and the Horn of Africa, DFID has rightly invested efforts in seeking stronger ties with regional donors. DFID's Middle East and North Africa Division (MENAD) has a policy of developing closer links with Arab donors, in particular, the Gulf Cooperation Council (GCC) states. To that end, the DFID Yemen office has made a number of outreach efforts, including addressing a GCC meeting in Riyadh, regular discussions with the GCC Secretariat and meetings with the Islamic Development Bank (IDB) in Jeddah. One of the goals has been to open dialogue on the importance of Yemen's development to the Gulf, given the long history of labour migration. The process is hampered by the lack of presence of the GCC donors in-country, although the IDB now has a country representative. DFID and IDB have agreed a joint programme in water in Yemen – the first joint programme anywhere for DFID and IDB[147].

DFID's outreach and advocacy in Gulf States is very much 'work in progress'. As we have seen in the discussion on strategy (paras 3.4–3.6), Arab funding has tended to be very technical (mainly infrastructure), leaving the more political 'software' issues (governance, corruption, training) to Western donors. There have been some windows of opportunity for closer dialogue, though. For instance, the GCC donors are keen for DFID to initiate a roundtable discussion with GoY over the 'leakage' of Gulf donor contractor funds at local levels and how to solve this problem.

Aid coordination and harmonisation

4.86 The GIEI process underpins much of DFID's portfolio in Yemen, but the specific project funded under this heading was the Aid Harmonisation and Alignment Unit (AHA) created within MOPIC. There were clear, verifiable deliverables for the success of the AHA, namely:

- The establishment of a well managed AHA Unit at MOPIC, verified by the quality and completeness of the Unit's annual reports.
- An increase in donor coordination, shown by an increase in the number and quality (sector analysis, aid coverage, joint strategic documentation) of joint donor initiatives and the degree to which they are aligned with the National Development Plan, and measured in terms of progress towards the targets set out in the Paris Declaration.
- Increased capacity at central and line ministries for planning, mobilising, using and monitoring aid flows in Yemen. Basic indicators for this would be i) good data on

[147] DFID Engagement in countries in fragile situations: A Portfolio Review, Case Studies, Evaluation Report EV702, January 2009, p. 17–30.

aid flows; and ii) increase in aid commitments and (importantly) disbursements. This would be verified by the AHA Unit's annual reports.

4.87 **Efficiency and effectiveness.** The AHA Unit has created for the first time a policy capacity around aid[148]. A Partnership Group for Aid Effectiveness has been established that provides a regular forum for policy and strategic programme discussions. This forum meets quarterly and includes representatives from bilateral and multilateral partners, Arab partners, international NGOs, other government ministries and sub-national government representatives.

4.88 In practice, AHA has been used for a range of issues beyond its original mandate, including leading on the National Aid Policy (NAP) and the new Food Price Crisis Task Force that, among other tasks, manages donors' responses to disaster relief needs. An issue here is that the Deputy Prime Minister has used AHA as a delivery unit because he couldn't rely on other parts of MOPIC to deliver for him. 'Mandate creep' may also be a side effect of too much donor attention and investment in a well-staffed unit whose very existence highlights shortcomings in other ministries. The evaluation notes some inherent contradictions in the relationship with MOPIC that reflect a political culture of 'client acquisition' – the building of a power-base on the back of donor contributions within sub-sections of a ministry. By creating AHA within the ministry, DFID has prompted accusations of there now being an executive role for this Unit that exceeds its designated authority[149]. The evaluation is not able to assess the validity of the claim, but simply notes the difficulty donors have in attempting to transcend the pervasive culture of patronage within departments of government.

4.89 **Results.** The Development Partnership Arrangement benchmarks (2007) for DFID with respect to the Paris Declarations were:

(i) Aid disbursements reported on budget by December 2008.
(ii) National Aid Policy (NAP) developed and approved by Cabinet by the end of March 2008. NAP translated into bylaws by the end of June 2008.
(iii) Activation of Inter-Ministerial Working Group for Aid Policy by October 2007.

4.90 DFID provided planned and committed disbursements to MOPIC and MoF from 2007 to 2008; these are now reflected in the GoY's 2009 budget. DFID provided a consultant to help write the NAP, though the document has yet to be ratified by the GoY Cabinet[150]. The Inter-Ministerial Working Group (IMWG) was established but was inactive until late 2007, and AHA highlighted the lack of inter-ministerial standing committees as a notable shortcoming[151]. However, late in 2007, the IMWG

[148] MOPIC, Aid Policy Paper, September 2006. MOPIC, Aid Absorption Capacity, September 2006.

[149] The Deputy Minister of MOPIC complained that a concentration of funding and information within AHA exacerbated fragmentation within his ministry while also and 'downscaling' the potential role that could be played by other ministries through budget support.

[150] The difficulty here is that some aspects of the Aid Policy require a change in bylaws relating to fiscal decentralisation.

[151] Progress Report, Development Partnership Arrangement, August 2007–July 2008.

finalised the Arabic draft of the NAP and agreed on the process for moving forward with Cabinet approval.

4.91 DFID recognised that part of the difficulty of finalising an Aid Policy related to capacity constraints within MOPIC and line ministries. In 2008 a programme of support to MoPIC was agreed between DFID, the GoY and UNDP, resulting in an Advisory Support Unit. This Unit will assess MOPIC's institutional design and capacity development weaknesses and work closely with the various units within MoPIC (including AHA) to agree priorities for policy work, including on Aid Policy. The Unit will also make recommendations on how to take this work forward[152].

4.92 The proportion of aid using programme-based approaches (PBAs) in Yemen declined from 50% in 2005 to 18% in 2007 – far below the 2010 target level of 66%. For its part, DFID provides support through PBAs on Maternal Neonatal Health (MNH), Social Fund for Development (SFD) and Basic Education (BEDP). In 2007, DFID spent £10,078,133 through PBAs on Basic Education and the Social Fund for Development. This constituted 84% of DFID's total £12 million spend[153].

Donor Coordination

4.93 The number of joint donor missions undertaken increased from 26% in 2005 to 33% in 2007. However, coordinated analytical work in Yemen decreased from 55% in 2005 to 31% in 2007, which is still far below the 2010 target of 66%[154]. During 2007, 66% of DFID missions were carried out jointly with other donors. Half of the analyses that DFID was involved with were conducted jointly (50%), though this was below the target set[155].

4.94 In spite of pooled funding agreements, engagement by other donors has been limited due to their capacity constraints in country. For example, it took almost a year to sign the PFM partnership agreements between the various participating donors, with a negative impact on the setting of a firm strategic direction for this programme.

4.95 If strategic government–donor coordination at the national level is limited, the picture at sectoral level is more encouraging. Donor coordination seems to have worked better in sectors like education and SFD, but less so in health, justice and water. Progress has been made in drawing up sectoral strategies (e.g. education, water, PFM) and joint annual review processes are starting to emerge. But no sector-wide approaches (SWAp) are yet in place, though a SWAp in the water sector is under preparation.

4.96 Technical assistance (TA) coordination in Yemen improved significantly in 2007 – 46% of TA provided by donors was coordinated, compared with only 16% in 2005. The 2008 Paris Declaration Survey also shows also a marginal reduction in the

[152] Progress Report on DPA, ibid.

[153] Progress Report on DPA, ibid.

[154] DFID Engagement in countries in fragile situations: A Portfolio Review, Case Studies, Evaluation Report EV702, January 2009.

[155] Progress Report on DPA, ibid.

number of parallel PIUs in Yemen from 29 in 2005 to 27 in 2007. This is still far below the government's 2010 target of reducing the number of PIUs to 10. The EC and the US alone account for 17 PIUs (7 funded by EC and 10 by USAID).

4.97 All donors including DFID have supported numerous PIUs in Yemen. Many of these – most notably the Social Fund for Development which is more a para-statal body than strictly a PIU – seem to have been able to deliver more effectively and efficiently much needed services to the poor and thereby built donor confidence for scaling up funding. The charge is, however, that they undermine long-term capacity building of the state by emphasising the use of parallel planning, budgeting, implementation and budgeting procedures. Also, PIUs exacerbate well-known problems such as staff poaching and salary top-ups. They may become centres of political power and patronage, with PIU Directors reporting informally to senior politicians. This creates incentives that make the phasing out of PIUs all the more difficult[156].

4.98 The reluctance to develop an exit strategy is understandable, not least because within the donor community – and indeed within the GoY itself – there are different views over the efficacy and political importance of PIUs. Invariably it comes down to pragmatism: what seems to work should be retained. The evaluation notes, however, the consistent absence of political economy analysis around these issues – for example, how PIUs may either reinforce or challenge systems of patronage over which donors have very little control. Such analysis should have been done at the programme design stage.

Multilateral capacity building

4.99 In Yemen, DFID chose to channel its funds almost exclusively through multilateral agencies, while on a global scale DFID aid channeled through multilaterals accounted for 38% in 2006/07 and 41% in 2007/08[157]. Many multilateral organisations operating in Yemen have weak management and technical expertise. DFID tried to address this situation by supporting the World Bank with three technical advisers and UNDP with one. A positive outcome was the fact that by 2009 all four posts were absorbed by the respective organisations.

4.100 Supporting multilateral capacity building has been a relevant strategy given the weak capacity of multilaterals, DFID's cap on staffing and the need for support to implement reforms. Taken as a whole, the main goal of the initiative was "to increase the ability of the GoY to take forward and implement a reform agenda through improved support by multilaterals"[158]. Yet working through multilaterals means a trade-off between individual advisers working towards the achievement of deliverables versus working to support the expectations and objectives of individual organisations[159]. There is no evidence that there has been sufficient analysis and

[156] DFID Engagement in countries in fragile situations: A Portfolio Review, Case Studies, Evaluation Report EV702, January 2009, p. 17–30.

[157] http://www.dfid.gov.uk/Global-Issues/Working-to-make-Global-Aid-more-effective/Multilateral-effectiveness/

[158] DFID, Project Memo Multilateral Capacity building programme.

[159] DFID, Annual Review Multilateral Capacity building programme, 2008.

discussion between DFID and the multilaterals at the start of the programme as to whether the advisers would not have been better placed into GoY directly, or how posting an individual adviser would support wider capacity building rather than simply gap filling of skills within the multilateral organisations.

Chapter Summary

Rule of Law

- Strong analytical studies (Drivers of Change, Strategic Conflict Analysis, 2005) and Conflict Audit (2008) but no clear strategy on how to build donor coherence around conflict prevention, nor for taking forward the recommendations emerging from the analytical work.

- Given the relatively small CPP budget for Yemen there might be an argument for joint programming with the DFID country budget. This has been discussed by DFID Yemen, though staffing constraints should be borne in mind.

- Inception phase of IJSD was overambitious. Closer working relations with Ministry of Interior than with Ministry of Justice. DFID helped establish a justice and policing sector coordination group with GoY and other donors.

- Increasing concern over UNDP management of the project. The partnership was discontinued after June 2008, and the project passed to an external management agent.

- Not possible to measure impact of the programme since, in line with DFID guidance for projects under £1 million, no output-to-purpose reviews, nor annual reviews, were undertaken.

Economic Management

- PFM inputs highly relevant, but overambitious and complex with little prioritisation and sequencing within and across components.

- Significant problems with UNDP over slow implementation, poor technical input and poor reporting. Capacity constraints should have been recognised from the outset and expectations more realistic, but some improvements in linking national policies with the national budget.

- Oxfam PRSP monitoring programme proved highly successful. Oxfam engaged civil society in the PRS process through building effective partnerships and providing strong gender perspective.

- Private sector work with the IFC has considerably improved the investment climate in Yemen.

- Good pro-poor focus of water and sanitation programme with Islamic Development Bank.

Social Sector Programmes

- Pragmatic spread of institutional as well as exclusion risks across programmes.
- Improvements in social exclusion and rural poverty indices have been difficult to measure.
- **SFD** is a flagship programme for DFID, supported from 2003 and proportionally absorbing the largest percentage of expenditure in the DFID portfolio. A nationwide programme, its targeting is well developed and effective with strong participatory methodologies employed. But the governance structure is over-reliant on the influence and support of political appointees. Also, the inherent challenge of sustainability of 'islands of excellence'.
- **Education:** over-ambition of targets set by BEDP were confounded by poor statistical records kept by the MoE. Also sub-standard management of the trust fund by World Bank. Project redesigned in 2009. Results are promising, though: child enrollment has increased and the gap between male and female ratios has closed. SEDGAP (secondary education) is too early to evaluate.
- **Health:** MNHP did not address capacity constraints and sustainability at local government levels. DFID also underestimated capacity constraints of UNICEF and UNFPA. Project was redesigned in 2007, with improvements noted in the 2008 review.
- **Humanitarian:** DFID pressing for better monitoring and needs assessment in Sa'dah by WFP, but household survey currently blocked by GoY. DFID should now look at broader safety net issues in the country, including the south.

Aid Effectiveness

- DFID a leader on aid effectiveness in Yemen through its GIEI programme.
- AHA unit achievements have included the increased capacity in MOPIC and line ministries for monitoring aid flows, and improvements in donor coordination. But 'mandate creep' risks accusations of monopoly of resources.
- PIUs extensively used – DFID lacks full analysis of impact of parallel institutions.
- DFID engagement with Gulf States highly appropriate.

5. DFID Management Arrangements

5.1 This chapter briefly discusses the efficiency of DFID Yemen staffing arrangements, staff ratios between London and Sana'a and administrative costs.

5.2 The rapidly growing DFID portfolio in terms of expenditure and scope inevitably has caused additional strain on staff resources. The evaluation saw no assessment made of the in-country staff implications of a fourfold increase in funding over three years. A natural conclusion would be that programme efficiency will be impaired by having too few staff engaging regularly with partners in country. As in many fragile states, addressing capacity constraints – often at the heart of programme challenges – demands individual, predictable and regular contact and input. The combination of limited space in the Embassy and DFID senior management concerns about the security situation in Yemen have restricted the numbers of UK-based DFID staff at post. Thus, the weighing of whether to send a Governance Adviser or an Education Adviser (but not both) sits uncomfortably with the evaluation's finding that programme effectiveness would have been increased by having both.

5.3 Currently London staff working on Whitehall issues are also Programme Managers. At the very least, all Programme Managers should be in Sana'a; and preferably also all Advisers. The implication might be reassignment (and/or new staff) in London – including the important role played by regional advisers – to be responsible for relations with other departments of UK government, regional donors and back-up technical support where required[160].

5.4 There have been some problems with a split office between London and Sana'a:

- The overlap of working days/hours between Sana'a office and London is the lowest in the whole DFID Middle East and North Africa (MENA) region taking into account the differences in working days and in time zones (reducing it to about 15 hours interaction time per week)[161].
- The generation of outputs by the whole Yemen team seven days a week (whereby one team would have to constantly catch up on what had been discussed or decided during the two weekend days by the other team) is potentially exhausting and certainly not efficient.
- While some programmes are almost entirely managed and advised upon by London staff (e.g. IDB water project, IFC projects), the representation functions required of the Sana'a office (donors, GoY, etc, often at short notice) mean that prior up-to-date briefings are not always possible from the London staff, given the time differences.

5.5 Arguably, the absence of economist skills in country has negatively affected DFID's influence in the economic sphere. For example, the current debate on the impact of food prices on poverty – with different opinions proffered by the World Bank and

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[160] There is a precedent for this in the DFID Afghanistan programme where there is a deputy head in London and a team including Whitehall policy officers.

[161] Yemen is a Saturday–Wednesday working week, and UK is a Monday–Friday working week.

UNDP – requires greater depth of knowledge than is currently available among donors. Likewise, an economist could have played an important role in the internal dialogue with the rest of UK Embassy. Meanwhile, there is hardly any monitoring undertaken by DFID on the development of pro-poor expenditures in the state budget and the extent to which these reflect what was agreed in the DPPR.

5.6 In the area of PFM reform the split responsibilities between the lead adviser (economist, London) and the supporting adviser (governance, Sana'a) from the end of 2007 onwards was confusing and inappropriate given the overall lack of economist skills in DFID and other donor offices and the high management intensity of the programme. The economist was leading more on policy issues and the governance adviser on programme implementation and day-to-day liaison with government officials. At the beginning of 2009, with the possible shift of leadership in the PFM programme from UNDP to the World Bank, DFID rightly decided to transfer full responsibilities for the PFM programme to the in-country governance adviser.

5.7 The administrative costs associated with Yemen are set to increase hugely if the security situation continues to decline. It is nowhere near levels in, for example, Afghanistan, but, were that to happen, UK-based staff could cost up to £250,000/person/year[162]. The rise in costs from 2007 to 2008 are in part due to increasing security expenditure.

5.8 In summary, the scale and scope of the programme has been at odds with DFID staff resources and the security constraints imposed, both in terms of numbers and movement within the country, especially in the last 12 months. The ambitions of the programme must, then, be tailored to likely scenarios and perhaps also discussed with other HMG departments to achieve a consensus over what is and is not possible under current circumstances.

5.9

Table 4. Administration costs, DFID Yemen

2006/07	**£189,899**
2007/08	**£313,394**
2008/09	**£552,270**

[162] This is the average cost of a a senior staff person in Afghanistan, and although the Yemen costs are not as high as that yet, this could change.

Chapter Summary

- No assessment made of the in-country staff implications of a fourfold increase in funding over three years.
- Programme efficiency has been impaired by having too few staff engaging regularly with partners in country.
- Problems with a split office between London and Sana'a – especially over regular representational functions.
- Absence of economist has impaired programme efficiency and split responsibilities between economy and governance advisers was inappropriate (now changed).
- Recommend deploying all Programme Managers and at least the Education, Governance and Economics advisers to Sana'a and reviewing the implications that security constraints will have on programme execution.
- Ambitious scale and scope of the programme has been at odds with DFID staff resources. Office split between London and Sana'a has not been conducive to efficient time management; nor, in some cases, to optimal use of staff capacities and continuity.

6. Findings, Conclusions and Recommendations

Findings and Conclusions

1. Policy analysis, especially on the context of ongoing conflicts, has been clear and professionally well informed. However, there is a need for greater analysis of the political environment and constraints that ultimately determine programme outcomes. The evaluation was constantly reminded that GoY priorities often relate to wider issues of geopolitical patronage and/or economic choices not always immediately apparent within the programme itself. The policies and approaches towards working in fragile states, reflecting DFID's corporate analysis, have been strong; nevertheless, there may be an argument for greater flexibility in funding arrangements that might include smaller projects and higher staff engagement.

2. DFID has been an initiator and key player in the donor world in Sana'a, showing strong leadership skills and technical proficiency. The fact that the Head of Office has been in post for three years has enhanced the continuity and profile of DFID. DFID is valued not so much for its money but its access to the highest technical and political levels within MOF and MOPIC in particular. In a country where donor and multilateral capacity is weak, DFID has led on the 'bigger' questions and on strategic issues. This is acknowledged and welcomed by bilateral and multilateral agencies in Yemen, and has enabled DFID to secure some improvements in aid coordination.

3. However, understaffing threatens DFID's capacity to continue to do so. With the rapid scaling up of funds and additional management this requires – plus the vital need to retain flexibility to initiate new projects – DFID's capacity on the ground is overstretched. The office split between London and Sana'a has not been conducive to efficient time management; nor, in some cases, to optimal use of staff capacities and continuity. The ambitions of the programme must, then, be tailored to likely scenarios and perhaps also discussed with other HMG departments to achieve a consensus over what is and is not possible under current circumstances.

4. Generally, DFID's technical advice and assistance has been good, and appreciated by GoY, although peripatetic visits from London-based staff were reported as a weakness by some senior persons in the government. DFID's support to projects and TA within the World Bank Group, for example, has given the latter greater leverage vis-à-vis the GoY and other donors. However, a heavy focus on deploying TA and working through parallel systems (PIUs) does not necessarily address long-term capacity development of state entities. This would have to be addressed through (i) sufficient staff representation on the ground to ensure consistency and continuity as well as strong technical knowledge, and (ii) possible outsourcing of professional, fund management, and administrative staff with relevant experience, even if this entails higher costs.

5. DFID's willingness to commit multi-annual spending has much strengthened its partnerships, especially with the World Bank Group. However, working through multilateral partners is not necessarily a lighter management option. DFID's demands and interpretation of what is implied by 'partnership' with the UN requires a fuller understanding of partner policies and implementation procedures

and clear and shared objectives, milestones and monitoring. The lack of resolution of problems at a higher level (New York; London) has exacerbated problems.

6. Programmes in education and health were considerably weakened by poor analysis of risks associated with implementation, both at GoY and implementing partner levels. Programme impact has further been impaired by the lack of disaggregated data and analysis. We further note that 21 of 31 projects in the DFID portfolio over the evaluation period were not actually assessed for performance or risk since they fell below £1 million, yet collectively they represent a significant expenditure.

7. Notwithstanding the lack of a written strategy, there are several areas of strategic development that would help DFID improve the scope and scale of the portfolio as it prepares to implement the new HMG Yemen Strategy in 2009:

   - The levels of convergence and complementarity between programmes need to be better outlined. For example, DFID needs to explain how separately funded education programmes funded through the Social Fund for Development complement those DFID supports through the Ministry of Education. In terms of planning and budgeting, this would be particularly important for ensuring a degree of equity, inclusion and access at sub-national (e.g. district) levels.

   - The sequencing of programmes; to what extent should one project logically follow another in time. For example, this might be important when reviewing the impact capacity building in Public Financial Management has on individual sector performances and might also determine the choice and timing of investments in those sectors. Also more and clearer thinking is required on the relative importance of pro-poor growth initiatives (notably in private sector development projects) as opposed to state building/governance and public administration.

   - In line with the 2008 HMG strategy, DFID should further develop the 'knowledge base' on Yemen, particularly geopolitical differences and trends within the country. Where opportunities arise for immediately addressing a problem (for example, in conflict prevention) DFID's larger funds relative to FCO, and its strength of analysis, should allow it the flexibility to respond to needs as they arise. Conflict prevention programmes are often relatively inexpensive, but they do require more concentrated staff input; again, this is why the staffing ratios in DFID need to be reviewed.

   - Even if the knowledge base does not immediately translate into funded projects, DFID should develop and encourage various fora for disseminating that knowledge: inter-ministerial workshops, civil society think tanks, using the diaspora to influence national developmental trends, regional discussions, etc.

   - Yemen's deteriorating socio-economic environment will further threaten the livelihoods of the poorest people. The challenge is how DFID and the UK government addresses fragility in a state where rapid decline could lead to conflict and/or humanitarian emergency. The differences between chronic poverty and humanitarian crisis could become a matter of semantics, which is why the categorisation of programmes might be misleading. DFID should look more closely at current social safety nets (e.g. the government's Social Welfare Fund) and how this might be better targeted and administered in a 'protracted emergency'.

Recommendations

Recommendations for DFID Globally

1. A 'pre-crisis' country like Yemen does not easily fit within DFID's existing fragile states concept; the new DFID Yemen Country Plan, plus the revised HMG strategy for Yemen, should be guided by broader lessons on how to deal with a state that has a relatively strong stable government, some appetite for reform, but deep socio-economic and security concerns[163].

2. Global partnership agreements (for example, with UN agencies) should include clearly defined 'grievance' procedures in the event of complaints emanating from country offices.

3. Avoid using DFID-specific 'shadow' risk analysis for projects undertaken by partners in which risks are already identified. If there are institutional risks associated with the capacity of the partner, these should be made explicit in the project document with appropriate mitigation strategies included.

Recommendations for DFID Yemen

4. DFID should, as soon as possible, deploy all Programme Managers and at least the Education, Governance and Economics advisers to Sana'a. A review of the implications that security constraints will have on programme execution should be undertaken, and this should be an integral part of the risk analysis attached to each programme component.

5. DFID should continue to explore options for sector and/or local budget support. The education sector in particular might benefit from budget support at this juncture while providing a useful entry point for DFID. At the same time DFID should develop a clearly argued rationale for the continued heavy use of PIUs, or develop an exit strategy that includes alternatives that facilitate government ownership and commitment to reform.

6. When considering scaling up financially, this should be matched by improved quality of analysis on the political economy and strategic advantage that DFID offers. A greater understanding is required of inter and intra-ministerial politics and the extent to which informal social institutions such as kinship, tribal systems

[163] An interesting perspective on this can be found in Mark T. Berger (editor) 'The Long War – Insurgency, Counterinsurgency and Collapsing States', Routledge, February 2009. Also, in Navtej Dhillon's research for Brookings 'Addressing Yemen's Twin Deficits: Human and Natural Resources', September 2008, http://www.brookings.edu/opinions/2008/0922_yemen_dhillon.aspx

and party political affiliations penetrate and drive performance of line ministries in Yemen. The way that political alliances influence different social groupings, constituencies and fissures within the country would help to understand how, for example, coverage and health and education outcomes could be improved.

7. DFID YEMEN MANAGEMENT RESPONSE TO COUNTRY PROGRAMME EVALUATION (CPE)

1. DFID Yemen welcomes this evaluation. Undertaken at a vital point in DFID's engagement on Yemen, we appreciate the pace at which the review was conducted. This enabled us to feed vital evidence into our thinking on Yemen through a refreshed HMG Yemen Strategy and new DFID approach. The review also comes at a difficult time for Yemen: deteriorating governance and rising conflict. The situation presents challenges and risks to our future programming. Consideration of the recommendations in the report and the additional analysis and argument will enable us to better address these challenges and make our programme more robust.

2. We are pleased that the reviewers note that despite not having a formal country strategy, prioritisation and direction of travel for our programme in Yemen matched Yemen's needs. The CPE highlights the importance of our application of the 'fragile states' lens to country analysis, which, with DFID's approach to statebuilding/peacebuilding, is today still the basis for our thinking. The CPE also highlights DFID's leadership role in donor co-ordination, citing DFID Yemen as an "initiator and key player". We hope this will continue to be the case.

3. This response focuses on where we have already used analysis, lessons and recommendations in our strategic planning and staffing, in developing a joint HMG Strategy and setting out DFID's approach to working within this. It also addresses key issues we hope will guide programming in the future.

Strategic planning

- **Pre-Crisis Countries do not easily fit within DFID's existing fragile states concept**. The challenge is how DFID and HMG address fragility in a state where rapid decline could lead to conflict and/or a humanitarian emergency - we are beginning to get closer to this scenario in Yemen. We have structured our draft DFID approach paper around a 'nuanced' DFID peacebuilding/statebuilding framework, with a focus on immediate priorities: securing political will whilst delivering survival and expected state functions (jobs, key services, security and justice) in the short-term.

- **Sector and Budget support**. We will continue to use a diverse range of aid instruments to deliver our Yemen programme and will update our fiduciary risk assessment to inform any movement towards sector and budget support. The deteriorating situation, high levels of corruption and increased military activity mean that we are unlikely to go further than our current 'programmatic' approaches in the short term.

- **Political economy analysis.** The report highlights DFID's role in leading on the 'bigger' questions and on strategic issues amongst bilateral and multilateral partners. Strategic political economy analysis has been a major part of our work, with a wide range of analysis commissioned (Country Governance Assessment, Fiduciary Risk Assessment, Conflict Audit, Growth Paper, Drivers of Change and Drivers of Radicalisation studies, Carnegie policy research papers). We benefit from FCO's political analysis through our close relationships both at post and in London and intend jointly to commission further work from policy think tanks to ensure our evidence base remains robust. The reviewers note that we need to improve our analysis during programme design on the use of aid instruments and capacity of implementing partners – particularly multilaterals, which we will do.

- **Strategic importance of growth relative to statebuilding/governance**. This will form an increasingly important component of our approach in Yemen. The recent arrival of our new Sana'a-based economic adviser will significantly improve our growth analysis and engagement in policy dialogue. We are pleased that the evaluation singles out our private sector work with IFC in "considerably improving the investment climate in Yemen".

- **DFID should look at how it might better support food security and safety nets.** Safety nets and cash transfer schemes are at the centre of our new programming for the next two years.

Portfolio performance.

- **Convergence, complementarity and sequencing of programmes**. In the short term, paying more attention to the broader links between our programmes will maximise our overall impact. It will also be important for planning if and when we can move to longer-term more traditional programming.

- **Portfolio should be higher risk accompanied by more robust mitigation strategies.** We agree. Our new programming will take this recommendation into account.

- **Weak capacity of multilateral implementation partners.** A priority for us to tackle - important given the small pool of multilaterals in Yemen. We have embarked on a wider process of securing improvements in multilateral performance using HQ and country-level levers. This is already paying dividends.

- **Programmes overly ambitious and complex** An important point for future programme design. Many of the programmes under review were started when Yemen was in a different place and our office in Sana'a was newly opened. In future we should be more realistic and recognise risks – particularly those relating to weak capacity of partners and political commitment. We will need to balance this with the need to take a higher risk approach to the programme. The new logframe format should help think this through more clearly. <u>A wider comparison with design of programmes in similar environments to Yemen would be useful</u> to help our thinking in this area.

Staffing

- **Ambitious scale and scope of the programme has been at odds with DFID staff resources**. The reviewers noted that programme efficiency was impaired by having too few staff engaging regularly with partners in-country and that working through multilaterals is not necessarily a lighter management option. Given the constraints in DFID's admin budget, and in deploying staff to fragile states, we need to look at how we use our existing resources more effectively and review how we prioritise work. DFID staffing levels in fragile states is a corporate decision for DFID and is balanced with wider needs. <u>Comparisons of DFID staffing levels in other fragile states would be useful</u> and could be valuable for longer term strategic workforce planning in DFID given WP4 commitments.

- **Deploying all Programme Managers and key advisers to Yemen**. We agree that it is important to have sufficient staff representation on the ground to ensure consistency and continuity, as well as strong technical knowledge inputs. We have now moved our economist post to Sana'a, which will strengthen our economic analysis and influencing work. Having more staff in Yemen is a corporate issue for DFID given overall budget constraints, staffing ceilings and the risks associated with deploying staff to fragile states.

- **More conflict adviser time and links to CPP needed**. Since the review a full time HMG CPP funded conflict adviser post, based in Sana'a, has been advertised. This will bring more technical support to the embassy and will oversee links between CPP and DFID programming.

To deliver the HMG strategy in Yemen and to help reverse declining trends, the CPE will be a useful reminder of the need to prioritise effectively as DFID cannot do everything, resource our ambition adequately and to be realistic in what we can achieve, whilst taking appropriate levels of risk and ensuring we continue to develop our knowledge base of Yemen. We will continue to share our experience more broadly within DFID as we deliver the policy agenda set out in WP4.

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The Dutch embassy website for Yemen

The Social Fund For Development for Yemen

European Union (EU) page on Yemen

United Nations Development Programme: Yemen

ANNEX 1. LIST OF PEOPLE CONSULTED

Type of Affiliation	**Role**
Current UK	
DFID London (Yemen team)	Social Development Advisor
	Programme Officer
	Deputy Head of Office
MENAD	Statistics Advisor
	Senior Regional Health Adviser
	Humanitarian Advisor
	Infrastructure Advisor
	Education Adviser
	Economics Advisor
	Consultant (Conflict Advisor)
FCO	Regional Advisor
	Consultants
MECAB	Director
Cabinet Office	Middle East Advisor
Previous DFID Yemen/ MENAD	
MENAD	Previous Head of Department
	Previous Deputy Director
DFID	Previous Head of Office
	Former Senior Education Adviser
	Previous Programme Manager
	Previous Economics Advisor
	Programme Manager
	Programme Manager

Non-HMG	
Chatham House	Researcher
Yemen	
DFID	Head of Office
	Deputy Head
	Governance Advisor
	Office/Programme Manager
	Programme Officer
	Senior Economist
	Programme Officer
MOD Embassy	Defence Attaché
FCO Embassy	Second Secretary, Political
Yemen Private Sector	
Chamber of Commerce & Industry Yemen	Chairman of the Board
Shamil Bank of Yemen & Bahrain	Chairman
Thabet Group of Companies	Resident Director
Yemen International Agencies/Donors	
World Bank Office Sana'a	Senior Public Sector Management Specialist
World Bank Office Sana'a	Senior Economist
IFC, Private Enterprise Partnership for the Middle East & North Africa	IFC Senior Operations Manager – BEE and Chief Strategist
Business Taxation IFC/FIAS, Investment Climate Department, World Bank Group	Program Manager
German Embassy	Deputy Head of Mission
UNDP Resident Representative UNDP	UN Resident Coordinator
UNDP	Country Director

UNDP	Programme Analyst
UNDP Yemen	Senior Economist & Governance Adviser
Water Sector	Specialist Independent Consultant
Dutch Embassy	Institutional Adviser
UNICEF	Representative
Islamic Development Bank	Country Operations
German Embassy	Police Liaison Officer
Yemen–Danish Partnership Programme Embassy	Counsellor (Development) Head of Office
Government of Yemen	
Ministry of Finance	National PFM Reform Coordinator
PFM Advisory Unit, Ministry of Finance	PFM Technical Officer
Women National Committee	Head
Ministry of Interior	Deputy General Manager
Yemen Justice and Policing Programme	Programme Co-ordinator
Women National Committee	Director
Ministry of Justice	Director Manager
Ministry of Education	PAU
SFD	Deputy PM and Director
Unit SFD	Head of M&E
Ministry of Education	PAU SEDGAP Coordinator
SFD	Education Department
SFD	Head of Training
Yemen National/International NGOs	
Oxfam Sana'a	Interim Country Programme Manager
Oxfam Sana'a	Governance Programme Manager
Oxfam Sana'a	Campaigns and Policy

Islamic Relief	Country Representative

ANNEX 2. TERMS OF REFERENCE

TERMS OF REFERENCE FOR EVALUATION OF

DFID COUNTRY PROGRAMMES - 2008-09

Introduction

1.1 DFID's performance management system is supported by periodic independent evaluations at project, programme, sector and thematic level. Evaluation Department (EvD) carry out four to five Country or Regional Programme Evaluations (CPEs or RPEs) annually. These terms of reference (ToRs) set out the scope of work for the 2008/09 period.

1.2 The CPEs provide important accountability and lesson learning functions for DFID. The primary audience for the evaluations is the UK government and DFID senior managers including heads of country offices. All evaluation reports are published externally.

1.3 Countries proposed for evaluation in 2008/09 are Afghanistan, Ethiopia, Cambodia, DRC and Sudan. Each evaluation will use the countries' most recent Country Assistance Plan (CAP) or equivalent, and related policy documents. Where the five year evaluation period spans two CAPs, or other strategy documents, the evaluation will relate to both.

1.4 While country-led approaches are central to the way that DFID works, socio-political and environmental contexts will influence the progress and form of the development process. The CAPs articulate the country offices' plans for operationalising corporate objectives within the country context, and in most cases they will build upon or reflect the national Poverty Reduction Strategy Paper (PRSP). These plans are therefore the logical starting point for the evaluation.

Overarching objectives

2.1 The main objectives of the country programme evaluations are to assess:

- Country strategy and links to poverty outcomes and DFID's corporate objectives
- Choice of aid instruments
- DFID's role as a development partner
- DFID's success in implementing its country strategy

2.2 The CPEs will assess the DFID country programmes in terms of standard criteria although these may be customised to a degree for individual studies. The generic evaluation matrix can be seen at Annex A. It is based on DAC evaluation criteria adapted to take account of the fragile states context and considers:

- The **relevance** of country programme objectives and the logic behind them given domestic policy objectives for poverty reduction, as well as DFID's own corporate level objectives

- The **effectiveness** of the overall programme in achieving the objectives set out in the country strategy, including DFID's choice of aid instruments, harmonisation with other stakeholders, policy dialogue and influencing

- The **efficiency** with which programme plans are translated into activities, including human resource and office management, collaboration and harmonisation with other stakeholders, policy dialogue and influencing, the use of financial instruments

And to the extent possible

- **Sustainability** – are the reforms/ changes supported by DFID's country programme moving in the right direction and are they likely to be sustained? Has local capacity been built? Has transparency and accountability improved?

- **Outcome** – What did the country programme achieve the objectives set? Did the positive outcomes DFID achieved justify the financial and human resources used in the programme?

- **Attribution** – Given the direction of travel and external factors, overall how far did the country programme make a positive contribution to poverty reduction? How good a development partner was DFID?

- The success with which the programmed had mainstreamed the cross-cutting issues of **poverty, gender, HIV/AIDS and environment** into all of its activities. What were the variables influencing the process of inclusion? What was the impact on the achievement of wider programme objectives?

- Ensure that any information collected or evidence produced on multilateral effectiveness in each CPE is highlighted and forwarded to EvD.

Methodology, Outputs & Timing

3.1 The consultants will produce one study report and executive summary for each country or region. The report shall be approximately 50-60 pages long (excluding annexes) and will include detailed lessons and recommendations. The evaluation summary (EvSum), should be approximately 4 pages, and will include the response from the relevant DFID office/Department, which EvD will obtain.

3.2 The other outputs required from this contract include:

- Inception reports detailing the way in which each individual CPE is to be carried out and showing the customised evaluation matrix.

- A presentation of preliminary findings to country offices before the end of the fieldwork for each study

- A publishable synthesis report pulling together findings across individual CPEs. In 2008/09 this will cover regional programmes and in 2009/10 it will cover fragile states

DFID also requires access to the evaluation team's interim evidence summaries, e.g. completed matrices, although it is not expected that these should be of publishable quality.

3.3 Each evaluation will involve an 'inception visit' and 'fieldwork mission'. EvD and the consultant team leader will undertake the inception visit. A team of 3-6 consultants will undertake the fieldwork, generally involving up to 3 weeks in country. In some cases the inception phase may be undertaken in the UK and the fieldwork may be organised a little differently given the fragile states focus in this round of countries.

3.4 The 'inception visit' has four key objectives:

i. Ensuring staff in the DFID country office are fully informed about the evaluation, its purpose and how it will work;
ii. Ensuring country/ regional office staff have an opportunity to feed in key questions they want the evaluation to address and decide whether they wish to undertake self-evaluation as part of the process
iii. Determining the exact nature of the individual evaluation and resolving key methodological / practical issues.
iv. Ensuring the evaluation team has access to all relevant contacts - including all those who have worked in the country/ regional programme over the fieldwork period and all relevant partners;

3.5 Between the inception visit and fieldwork the consultants will amend the standard evaluation framework for the study to address any country-specific issues raised during the inception visit. An inception report containing this matrix will be signed off by the country office.

3.6 If the DFID country office wishes to undertake self-evaluation they will be encouraged to produce a log-frame for the entire country programme (unless this already exists), detailing the logic of their interacting projects and programmes and assessing what has been achieved. If the country office does not undertake this work and there is not clear guiding framework, the evaluation team will attempt to create a similar log frame as part of the evaluation approach.

3.7 EvD will provide supporting documentation relevant to each CPE to the consultants in good time. This will include project documentation and relevant documentation about the design, implementation and monitoring/ evaluation of the country/ regional strategy and individual programmes (but not background policy information). Prior to undertaking fieldwork, the evaluation team need to be familiar with the DFID programme, the country context and the full range of DFID policy papers that are relevant to the country programme.

3.8 The consultant is responsible for identifying and engaging a team of consultants appropriate to each country context from within their company/ consortium. The team must have good evaluation skills, understanding of DFID and the local context and ability in the languages of the country. The team should cover all the major sectors of the country programme and if possible should include at least one locally based consultant as a full team member. The consultant is responsible for setting up and planning the main field visit. If EVD wish DFID staff members to accompany the consultant CPE team, additional terms of reference specifying the roles and responsibilities will be developed. The planned consultancy team for each of the CPEs covered in this contract is shown at Annex B; it is recognised that there may yet be some changes to this (due to either DFID or the consultants) – particularly for the studies programmed later in the year.

3.9 During the main fieldwork the sector specialists and evaluation team leader will interview DFID staff (current and past) and partners (in government, multilaterals, other donors etc.) about all aspects of the programme over the five year evaluation period – using checklists as appropriate. Web based surveys of staff and other stakeholders (e.g. other donors and NGOs) will also be trialled on a pilot basis. The evaluators will systematically scrutinise the available documentation and supplement this where possible, and then use all evidence gathered to complete the evaluation matrix. One matrix should be completed for each main sector, pillar or thematic area, and the evaluation team leader (and deputy) will use these to compile the final report. Fieldtrips outside the capital city are not a standard part of a CPE but may be used on occasion if applicable. This will be determined during the inception phase for each study.

3.10 Before leaving the country the evaluation team should make a presentation to the country office on emerging findings.

- Within 4 weeks of the fieldwork finishing a high quality draft report of 40-60 pages (excluding annexes and with an Executive Summary) will be submitted to EvD. Following initial checks within EvD this will be sent to the country office and staff there invited to correct any factual errors and make comments. Although country offices may challenge findings they disagree with, and sometimes have additional information to support a claim, EvD will support the evaluation team to ensure that the report remains a true independent evaluation. A second draft report and evaluation summary will be produced taking account of relevant comments. These will be subject to external quality assurance against the criteria shown at Annex C. It is expected that all draft reports submitted will have been checked for typos, formatting errors and consistency of data presented.

- The Synthesis Report (which in 2009 will focus on fragile states), will be guided by a workshop scheduled for around June 2009 and should be completed by October 2009. It is anticipated that there will be a further meeting between the authors and relevant DFID policy leads to discuss emerging recommendations – perhaps after the first draft report has been produced and considered by DFID. This will assist in building ownership for the synthesis report. The report should be finalised within three months of the date of the workshop - including an Evsum; a follow up dissemination event may be required. Note, during 2008 the synthesis report from the last contract will be produced focusing on regional evaluations.

- The consultants will work to the strict deadlines set out in Annex D and the timeliness of the delivery of reports is of the essence. Any changes to these deliverables must be agreed in advance with EvD. Team composition and timelines will be agreed prior to commencement of each of the country studies, including the necessity of any follow up visit to the country if major issues remain unresolved. The consultancy should start in April 2008.

4. Competence and Expertise Required

4.1 One consultancy organisation or consortium will be appointed to deliver the outputs described above.

4.2 A managing consultant with extensive evaluation experience and a track record of managing country/strategic level evaluations will be required to manage the planning and delivery of the CPEs. This individual will be expected to have strong written and oral communications skills as he/she will play a role in communicating lessons learned both to country programme personnel and to a wider DFID audience.

4.3 Each CPE should have a named team leader with expertise in evaluation methodology and monitoring and performance management issues. This must include understanding of the complexities of country programme evaluation. The Team Leader must also have up to date knowledge of DFID policies and performance, planning and data systems. Access to our online systems will be provided. Team Leaders will all have CTC security clearance, and for fragile states, this will be increased to SC clearance,

4.4 Each CPE team will be made up of a combined skill set covering governance, economics, social and institutional development and human resource management and the number of team members will be appropriate to the country programme. There is not one model that will work for each country/ region being evaluated, so flexibility in team composition is essential. The team members for each country evaluation will need expertise in evaluation methodology and familiarity with development issues in the CPE countries. They should also have up to date knowledge of DFID policies and systems. Relevant experience in cross-cutting issues like gender mainstreaming, HIV and AIDS and the environment. The team should normally include a strong national/regional component.

4.5 The consultancy team will have responsibility for:

- maintaining ethical standards in implementing the evaluation
- the timely production of evidence-based conclusions, lessons and recommendations to demanding quality standards
- managing logistics in country, with support from the DFID country office, to the extent mutually agreed in the respective Inception Visit.

Reporting and Dissemination

The consultants will report to the Country Programme Evaluation Team Leader or the Deputy Programme Manager in DFID Evaluation Department.

Reports will be published and distributed, electronically and in hard copy, to a wide ranging internal and external audience. The consultants should be prepared to present their findings to DFID staff and others as appropriate. Specific disseminations arrangements will be determined on completion of each country report and synthesis.

Evaluation Department March 2008

ANNEX 3. EVALUATION MATRIX

EVALUATION **CRITERIA**	**KEY QUESTIONS**
(Chapter 1: Introduction and Methods)	
Context (to form **Chapter 2** of report: **Context: 2004–2009**)	
Political and post-conflict situation. Key events over period including factors beyond control of development partners, MDG progress (and variation by gender, rural/ urban, ethnic group etc.); progress with peace-building. Importance of aid to the country and no. of donors active in area. *Key agreements / strategies / reviews that influenced DFID's work.*	
Relevance **(**to form **Chapter 3** of report: **To what extent was DFID's strategic approach relevant in a fragile states context**	
Overall strategy and areas/sectors selected for intervention	16. Throughout the evaluation period and as the context evolved, did DFID maintain clear and focussed strategies for the approach to the overall Yemen programme? In a changing and unpredictable environment, was there an explicit rationale for the priorities chosen and the interventions supported, backed up by analysis of alternative options? 17. Over the period, how far were approaches aligned with Government priorities (PRSP), including making progress towards the MDGs? What were the implications of the continuing conflict in the North; was there a clear rationale for how the aid programme adapted to events? 18. How far were approaches aligned with or determined by broader HMG objectives? How were the links between political, security and development objectives addressed? 19. How far were approaches based on a realistic analysis of the country situation, including political economy analysis? 20. To what extent were approaches in line with corporate priorities? (e.g. Fragile states policy (2005), Conditionality paper (2005), conflict guidelines, cross-Whitehall working and relevant sector strategies) 21. Were approaches in line with a focus on state-building – strengthening core functions of the state (e.g. security and justice, revenue mobilisation) and improving accountability and legitimacy? 22. Although there was no formal strategy in Yemen, were programmatic adaptations made that were appropriate given the context?

EVALUATION CRITERIA	KEY QUESTIONS
Risk Management	23. How systematically did DFID assess the external risks (ie political governance, conflict, economic and fiduciary) and the internal threats to the HMG strategy? Were regional factors assessed? 24. How comprehensive were plans to minimise the identified risks? What tools were used – e.g. scenario and contingency planning
Portfolio profile	25. What interventions did DFID support over the evaluation period? (did these fit with the strategic priorities?) 26. How was the balance between humanitarian and development objectives managed; did these address environmental and other sustainability concerns?
DFID's choice of aid instruments	27. What mix of aid instruments was intended and how did this change over the evaluation period? Was there a sufficient balance between use of long term and shorter term instruments? And between pooled funding, multi-lateral and bi-lateral funding? 28. To what extent did choices about aid instruments reflect the political economy and governance / conflict context of the country and DFID policy? Was there an appropriate balance between support through government and non-governmental channels? 29. Was funding shifted between instruments, or delayed / suspended? Was this in line with the DPA / conditionality policy?
DFID's partnership working Q15 new	30. How did DFID approach working with: a) Government (central and local), b) civil society, c) multi-lateral organisations (WB, UN, EU), d) other bilateral donors? Were there explicit strategies? What was the basis of any influencing agenda? Was the balance among partners right? How effectively did the partnerships with UN agencies and INGOs function? 31. How did DFID work with OGDs – FCO, MoD, Cabinet Office. (Was there a joint HMG strategy? Was there pooled funding / staff / systems? Was security sector work integrated with OGDs? 32. To what extent did DFID seek to strengthen harmonisation across the donor community? How well did joint arrangements perform, what explains that performance, what might have been improved (MDTF, JPP, SFD, IFC, multilateral effectiveness) 33. How well did DFID consult with and communicate its aims and objectives to development partners?
DFID's approach to cross-cutting themes	34. Did DFID have a strategy for mainstreaming cross-cutting issues such as gender, social exclusion, human rights, HIV/AIDS and environmental protection? (and was this consistent with corporate policy on these issues?)
Level and allocation of resources	35. Were strategies appropriate to the level of resources anticipated? 36. How far did planned spending and use of staff time reflect strategic objectives? 37. Was geographic coverage too narrow / wide for resources available?

EVALUATION CRITERIA	KEY QUESTIONS
	38. Were other donor resources and plans in the country taken into account to avoid over / under –aiding and aid volatility?
Results focus	39. How far were DFID's planned interventions sufficiently results-focused and monitorable? Were there results frameworks? Was there a sufficient balance between quantitative and qualitative indicators to fully understand impact? 40. How far were the results of reviews used to reconsider design/ direction of work and resourcing and staff allocation priorities?
II. Effectiveness and III. Efficiency **(Chapter 4: How successful was DFID in terms of engagement in development and delivering results in a time of conflict?)**	
Delivering on strategy	41. In the absence of a specific strategy, how were objectives set out and achieved in practice ? What explains any areas of divergence? 42. How effectively did the country office manage the strategic risks that emerged? To what extent was the programme informed by risk analysis?
Results	43. How far were the objectives and performance indicators for individual DFID interventions achieved (drawing on data from project reviews and PRISM scores)? 44. To what extent is information available to assess whether objectives are being met? How effective are the M&E systems in Yemen (national and through partners)? 45. What explains key successes and failures with regard to programme objectives? What was the role of govt and non govt. actors?
Efficiency	46. Was DFID's actual disbursement in line with expectations and plans? Were there any significant changes or delays? 47. How was staff time spent? (influencing/ policy work, project/ programme work, field work, corporate reporting/ activities, liaising with OGDs and other donors) 48. Was the decision to devolve the office to Sana'a soundly based, and what are the implications for a split-site arrangement (London and Sana'a)? What alternatives were considered? Have there been any implications for efficiency? 49. Was the skill mix and continuity of staff appropriate to the country context and strategy? 50. Was appropriate support provided to enable staff to be effective in a difficult and insecure environment,
Aid effectiveness	51. How effective was the mix of aid instruments in achieving objectives? Were the different instruments used in a complementary way? 52. How effective has DFID been in pursuing its development agenda (including peace building) with partners including other parts of the UK Government, the partner country Government, Civil Society, NGOs? 53. How effectively has DFID worked with Gulf donors to influence developments in Yemen? 54. Has DFID operated in accordance with principles of aid effectiveness and emerging principles of aid effectiveness in

EVALUATION CRITERIA	**KEY QUESTIONS**
	fragile states? 55. How well has DFID communicated its results / lessons/ good practice?
DFID's delivery on cross-cutting themes Q37 new – suggest move to come after Q27?	56. How well were issues of gender, social exclusion, human rights, HIV/AIDS and environmental protection actually integrated across the programme? 57. To what extent has DFID adhered to corporate priorities and initiatives (e.g. Gender Equality Action Plan, Results Action Plan, Making It Happen)? How have such initiatives been taken forward in the country office, and what measurable difference can be discerned? 58. Were results disaggregated by gender, social group etc. and what does the data show? 59. To what extent was DFID's peace-building and state-building work undertaken discretely and to what extent through other aspects of the programme?
Outcomes and sustainability	60. To what extent have DFID programmes delivered the outcomes they said they would? 61. What difference has DFID made to the lives of Yemeni people, and which groups within the population have benefited? 62. What is the evidence to support the view that DFID helped contribute to peace building and improve the security situation in Yemen? 63. To what extent has the policy and governance environment (eg accountability, action on corruption) been strengthened? 64. What is the evidence to show that DFID has helped contribute to specific development outcomes and PRS achievements? (PSA/ DPA/ direct project/ programme impacts and 'indirect' benefits around policy dialogue) 65. Are the development changes or reforms supported by DFID's country programme likely to be sustained / difficult to reverse? Have parallel systems been set up to deliver projects, and if so is there a plan to integrate them into government systems? To what extent has local capacity been built? 66. Has DFID added value through gains in aid effectiveness? e.g. contributing analysis/ tools/ support on harmonisation?
What lessons can DFID draw from the evaluation for informing future country, regional or corporate planning and operations? **Chapter 6: Lessons and recommendations**	

EVALUATION **CRITERIA**	**KEY QUESTIONS**
Strengths and weaknesses of DFID	67. What are the key strengths demonstrated by the DFID office? 68. What are the key weaknesses demonstrated by DFID?
Lessons	69. What lessons (from positive and negative findings) can be drawn for DFID's future work in the country? 70. What lessons can be drawn more widely for DFID and its work in other post-conflict and fragile situations?
Recommendations	71. What recommendations can be made based on the evaluation findings?

Department for International Development

DFID, the Department for International Development: leading the British Government's fight against world poverty.

One in six people in the world today, around 1 billion people, live in poverty on less than one dollar a day. In an increasingly interdependent world, many problems – like conflict, crime, pollution and diseases such as HIV and AIDS – are caused or made worse by poverty.

DFID supports long-term programmes to help tackle the underlying causes of poverty. DFID also responds to emergencies, both natural and man-made.

DFID's work forms part of a global promise to:

- halve the number of people living in extreme poverty and hunger
- ensure that all children receive primary education
- promote sexual equality and give women a stronger voice
- reduce child death rates
- improve the health of mothers
- combat HIV and AIDS, malaria and other diseases
- make sure the environment is protected
- build a global partnership for those working in development.

Together, these form the United Nations' eight 'Millennium Development Goals', with a 2015 deadline. Each of these goals has its own, measurable, targets.

DFID works in partnership with governments, civil society, the private sector and others. It also works with multilateral institutions, including the World Bank, United Nations agencies and the European Commission.

DFID works directly in over 150 countries worldwide, with a budget of some £5.3 billion in 2006/07. Its headquarters are in London and East Kilbride, near Glasgow.

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Printed & Supplied by John McCormick & Co. Ltd. Tel: 0141-429 4222 Ref: 93293