



Overview of USAID/Yemen Country Strategy 2009-2012

September 2009



Yemen is a priority country for the U.S. Government. Located in the southwest corner of the Arabian Peninsula, Yemen is the poorest country in the Middle East and its development challenges are compounded by several internal conflicts, a large youth population, and growing extremism.

Background:

Yemen has become increasingly central to U.S. foreign policy interests. Its strategic location features a long porous land border with Saudi Arabia, a critical U.S. ally, and a long maritime border facing the oceanic chokepoint to the world's most heavily used sea lanes between the Indian Ocean and the Red Sea. Al-Qaeda operatives have utilized Yemen's territory as a base for movements in the Arabian Peninsula and beyond. In 2009, Yemen was classified among the top 18 countries in the world whose stability situation is "alert" in the annual Failed States Index published by the Fund for Peace. Internally, Yemen exhibits increasing signs of state failure. While myriad and complex, there is considerable agreement surrounding the following drivers of instability and conflict in Yemen:

- **Large youth bulge and rapidly growing population:** Yemen's population has doubled since 1990 and will double again by 2025 (from 19.7 million in 2004 to 38 million in 2025). Close to half the population is under the age of 15, and another one-third are between the ages of 15 and 29.
- **Growing natural resource scarcity:** Water is rapidly depleting as well, as is agricultural production/potential, making food security a fast growing concern among parts of the population. The country's capital, Sana'a, is anticipated to run out of water by 2015.
- **Lack of economic opportunities:** The economy is unable to create a sufficient number of jobs for a rapidly expanding, young workforce. The result is increased unemployment and a large population of disenfranchised youth, particularly in remote rural areas.
- **Declining government revenues:** Roughly 85% of the government's revenues come from oil. Following the crude price spike in 2008, oil revenues have fallen by half. Furthermore, nearly two-thirds of known oil reserves were already depleted by 2003.
- **Corruption:** A well-established patronage system of tribal and military elites has been a sustaining feature of the existing regime. The system allows Yemen's tribes to share in the spoils of Yemen's treasury in exchange for political acquiescence.
- **Limited state presence:** Relatively weak state institutions have resulted in limited state presence in many areas of the country.
- **Violent Islamist extremism:** When the Yemeni and Saudi branches of Al Qaeda merged in January 2009, the US Director of National Intelligence stated that Yemen was "reemerging as a jihadist battleground and potential regional base of operations for Al Qaeda."

CROSS-CUTTING THEMES OF THE STRATEGY:

- Youth
- Gender
- Good governance
- Institution-Building
- Resource Conservation

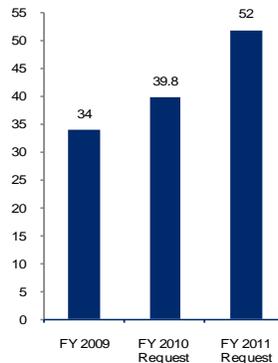


USAID | YEMEN

FROM THE AMERICAN PEOPLE

Country Strategy 2009-2012, continued

USAID ASSISTANCE TO YEMEN



Funding Sources: Development Assistance, Economic Support Funds, and Global Health and Child Survival Funds

For more information, see the *FY2010 Congressional Budget Justification*
<http://www.usaid.gov/policy/budget/>

- **Unequal development and marginalized political representation:** The unequal treatment by the government of certain parts of the country and unaddressed grievances has resulted in the marginalization of certain regions and governorates, creating increasingly vulnerable populations with potentially dire longer term consequences for the stability of the state.

With the exception of large, ongoing investments in education and health, USAID's current portfolio of aging projects is ending. The previous portfolio was designed to promote long-term development in five governorates. The new strategy, however, focuses all future assistance on initiatives that will help to mitigate the drivers of instability at the local and national levels.

USAID's Strategic Goal, Objectives and Rationale:

USAID's overarching strategic goal in Yemen is: *Yemen's stability increased through targeted interventions in highly vulnerable areas.* This goal implies a localized stabilization strategy with short-, medium-, and long-term development programming tailored to address the drivers of instability in specific areas of the country and to respond quickly and directly to the articulated needs and frustrations of communities in the most unstable areas. With a country as geographically vast, topographically complex, and insecure as Yemen, the location and number of areas of focus will be clearly delineated over time and in coordination with interagency and donor colleagues. Also essential to the success of local targeted interventions will be initiatives at the national government level necessary for achieving sustainable progress at the local level.

By necessity, a stability strategy requires a multi-sectoral approach at the community level, responding to targeted communities' articulated frustrations and needs. The package of goods and services provided will be quickly deployed, mutually reinforcing, and synergistic. As people do not demarcate their lives by sector, USAID/Yemen will look to programs and activities that are not focused on a single technical sector, but instead focus on the unique drivers of instability as determined by the Yemeni people themselves. Coordination and integration in management will be essential if the overall program is to holistically address the unique forces communities identify as detrimental or otherwise counter to their short-term and long-term development. Key throughout this strategy's implementation will be the ability of USAID to respond quickly, appropriately, and flexibly to meet the needs of the communities it engages. Impact will be visible and tangible and communities will feel ownership of the projects being implemented.



Strategic Goal:
Yemen's stability increased through targeted interventions in highly vulnerable areas.

Context Indicator
Perception of residents in targeted vulnerable communities that their lives and the direction of the country are changing

AO Indicators

- Increased % of residents in targeted vulnerable communities who believe their economic opportunities are improving
- Increased % of residents in targeted vulnerable communities who see their community as a place where they can effect positive change
- Increased involvement of residents in targeted vulnerable communities in community activities

Assistance Objective 1:
Livelihoods in vulnerable communities improved

IR 1.1: Employment opportunities increased.

IR 1.2: Access to and delivery of quality services improved.

Assistance Objective 2:
Governance capacities improved to mitigate drivers of instability

IR 2.1: Public policies and institutions facilitate more equitable socio-economic development.

IR 2.2: Local governance and capacity for basic service provision improved.

IR 2.3: Community-based institutions and mechanisms to ensure active participation in governance and locally-driven solutions strengthened

AO Indicators

- Increased % of residents in targeted vulnerable communities responding that local government services have improved
- Increased in perception that grievances and needs of targeted vulnerable communities are being received and addressed by government authorities and service providers
- Perception that communications emanating from local government entities regarding plans and activities has improved

Critical Assumptions

- Operational security will be vital to program design, implementation, and monitoring. Security and mobility restrictions on USAID staff will mean more remote management leading to greater flexibility and discretion of USAID's implementing partners. Changes in security dynamics will necessarily limit sites and could potentially curtail some aspects of program implementation in dangerous areas.
- Coordination and collaboration within the interagency will be essential to success.
- The political will of local government and the capacities of local host country partners in vulnerable communities will be essential.
- The strategy assumes constant or increasing resource levels through 2012.

