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Enabling poor rural people  
to overcome poverty

## Republic of Yemen Country Programme Evaluation

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For: **Review**



**Document of the  
International Fund for Agricultural Development**

**Republic of Yemen**

**Country Programme Evaluation**

**23 September, 2011**

**Republic of Yemen**  
**Country Programme Evaluation**

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**(\*) Annexes are available upon request from the Independent Office of Evaluation ([evaluation@ifad.org](mailto:evaluation@ifad.org))**

### Currency equivalents

Monetary Unit	=	Yemeni Rial (YER)
1 US\$	=	203.00 YER
1 YER	=	0.005 US\$

### Weights and measures

1 kilogram (kg)	=	2.204 pounds
1 000 kg	=	1 metric ton (t)
1 kilometre (km)	=	0.62 miles
1 meter (m)	=	1.09 yards
1 square meter (m <sup>2</sup> )	=	10.76 square feet
1 feddan	=	4200 square meters
1 acre (ac)	=	0.405 hectares (ha)
1 hectare (ha)	=	2.47 acres
1 gallon (gl)	=	3.785 litres (l)

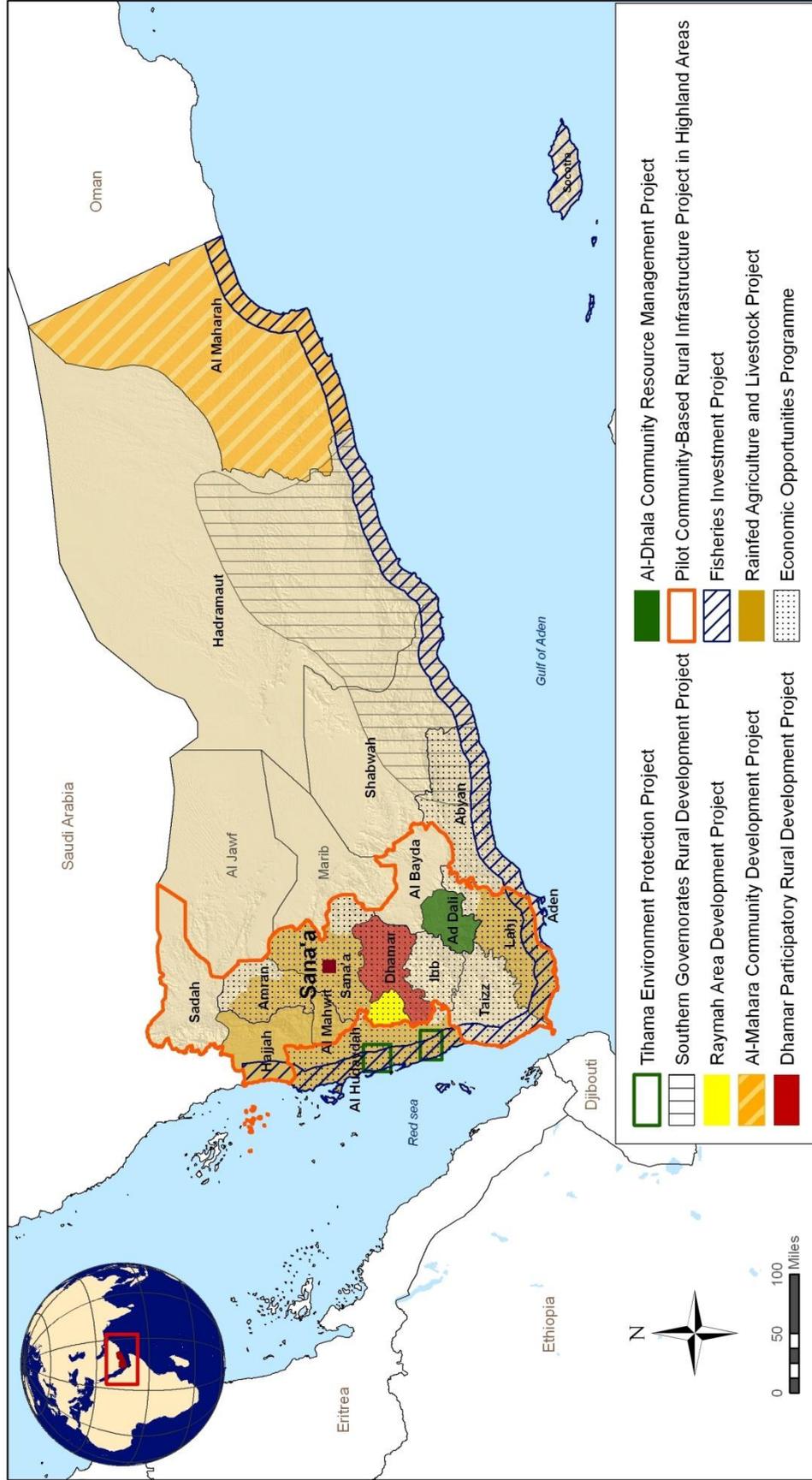
### Abbreviations and Acronyms

ACP	Agreement at Completion Point
ADCRMP	Al-Dhala Community Resources Management Project
AFESD	Arab Fund for Economic and Social Development
AMRDP	Al-Mahara Rural Development Project
AREA	Agricultural Research and Extension Authority
CACB	Cooperative and Agriculture Credit Bank
CBO	community-based organization
CBRIP	Community-Based Rural Infrastructure Project for Highland Areas
CDC	Community Development Committee
CI	cooperating institution
COSOP	country strategic opportunities programme
CPE	country programme evaluation
CPM	country programme manager
CPO	country programme officer
CPPR	Comprehensive Portfolio Performance Review
DPRDP	Dhama Participatory Rural Development Project
DPPR	Development Plan for Poverty Reduction
DSF	Debt Sustainability Framework
EOF	Economic Opportunities Fund
EOP	Economic Opportunities Programme
EU	European Union
FIP	Fisheries Investment Project
GDP	Gross Domestic Product
HDI	Human Development Index
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation of IFAD

MAI	Ministry of Agriculture and Irrigation
MDG	Millennium Development Goal
M&E	monitoring and evaluation
MFI	microfinance institution
MFW	Ministry of Fish Wealth
MOPIC	Ministry of Planning and International Cooperation
MOF	Ministry of Finance
MPWH	Ministry of Public Works and Highways
MPWUD	Ministry of Public Works and Urban Development
MTR	mid-term review
NEN	Near East, North Africa and Europe Division
NENAMTA	Near East and North Africa Management Training in Agriculture
PBAS	performance-based allocation system
PCR	project completion report
PMU	Project Management Unit
PRSP	Poverty Reduction Strategy Paper
PRA	Participatory Rural Appraisal
PTA	IFAD Operation Policy and Technical Advisory Division
PWP	Public Works Project
RADP	Raymah Area Development Project
RALP	Rainfed Agriculture and Livestock Project
RAP	Rural Access Programme
REP	Rural Employment Programme
RIMS	Results and Impact Management System
SCA	savings and credit association
SFD	Social Fund for Development
SGRDP	Southern Governorates Rural Development Project
SME	small and medium-sized enterprises
TA	technical assistance
TEPP	Tihama Environment Protection Project
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
WFP	World Food Programme

# Republic of Yemen

IFAD-funded interventions covered by the evaluation



11-2-2011

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD



***Foreword***

***(to be added)***

## Acknowledgements

This country programme evaluation (CPE) was prepared by Miguel Torralba, Evaluation Officer, with support from Luigi Cuna, Evaluation Officer and Frederik Teufel, Associate Evaluation Officer, Miriam Irías, Assistant to the Lead Evaluator, and with contributions by consultants Jon Bennett (consultants' team leader), Jawaid Al Gailani (infrastructure), Maliha Hussein (micro-enterprise/micro-finance), Zahur Alam (agriculture/natural resources), Souad Othman Yafi (community development/gender) and Laura Gagliardone (research assistant). Internal peer reviewers from the Independent Office of Evaluation (Luciano Lavizzari, Ashwani Muthoo, Fabrizio Felloni, Anne-Marie Lambert and Cecile Berthaud) provided guidance and comments on the approach paper and the draft report.

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**Republic of Yemen**  
**Country Programme Evaluation**

**Executive Summary**

1. This is the second IFAD country programme evaluation (CPE) for Yemen since the Fund started its operations in the country in 1979 (the first CPE was conducted in 1992). The evaluation has made it possible to assess the results and impact of IFAD-supported activities in the country, and has generated findings and recommendations that will inform the forthcoming results-based country strategic opportunities programme (COSOP), which will be prepared jointly by IFAD and the Government of Yemen in 2013.

2. The results of the IFAD/Government of Yemen partnership over the last 17 years have been overall positive. IFAD has made a significant contribution to agriculture and rural development in Yemen and, as the only agency working exclusively in the country's poor, marginalized areas, it has gained a solid reputation for specialized expertise and country experience. The Fund's investments and its capacity to leverage significant amounts of cofinancing (mainly for the more recent interventions) are of particular importance in such an income-poor, under-assisted country. The operations financed to date have covered some of the most remote areas, where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capacity is often inadequate.

3. Future IFAD/Government of Yemen cooperation will need to take account of a changing context, with three major challenges now facing the country. First, the country shows many signs of fragility and of lacking effective authority in the face of a wide range of social, security and economic difficulties. Second, severe water scarcity – a traditional challenge in a semi-arid country such as Yemen – is worsening owing to heavy extraction of groundwater resources for agriculture<sup>1</sup> and poor irrigation practices, and vulnerability to climate variability/change is increasing. Third, Yemen needs to diversify its economy beyond the declining oil sector. Yet another challenge relates to the rapidly growing population (expected to double to around 40 million within the next 20 years). All these factors may increase the pressure on already limited government capacity. On the other hand, the Government's key economic and governance reforms (private-sector development, anticorruption, rule of law) have generated a number of important opportunities.

4. The evaluation found that the Fund has been instrumental in promoting participatory development and in supporting social mobilization in rural areas, as evidenced by the increased role of communities as lobbying platforms to secure services from the Government and NGOs. IFAD has also contributed to expanding beneficiaries' access to social services by supporting the construction of community infrastructure for water and sanitation. It has helped increase agricultural productivity through improved irrigation systems, soil conservation, crop improvements, the diversification of production and the development of small-scale fisheries. Moreover, despite the challenges of a conservative society, IFAD has helped to empower women by providing them with economic opportunities and increasing their participation in community decision-making.

5. On the other hand, the CPE points to a number of shortcomings. IFAD has had only limited success in enhancing poor rural households' access to financial services in a cost-effective and sustainable manner, even though some progress has been made in establishing community-based savings and credit groups. Second, despite severe water shortages, relatively few investments have been made in improving surface water management and in strengthening structures to support

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<sup>1</sup> Especially for qat cultivation, which has expanded dramatically in the last decade, consuming an estimated of 25 per cent of total water use for agriculture.

agricultural development (e.g. cisterns, wadi protection, terrace rehabilitation and traditional spate irrigation). Third, notwithstanding recent improvements, the country portfolio has been affected by weak government performance mainly owing to its limited capacity, which has resulted in management and institutional constraints. Finally, despite the country's large proportion of children and youth (67 per cent of the total population) and high youth unemployment (estimated at 53 per cent), few projects/programmes have focused on youth.

6. Earlier interventions (approved up to 2005) supported integrated area-based rural development on marginal and peripheral areas of the country as the main vehicle for improving rural livelihoods. While, in the main, this approach has been relevant and has produced positive results in the past, it points up a number of shortcomings. First, already limited resources have been spread too thinly across too many subprojects and across a large population. While its geographic targeting has been mostly adequate for targeting the poor, the Fund's interventions have covered wide areas within the governorates, resulting in low per capita allocations and in some cases piecemeal and fragmented subprojects that had only a marginal impact on households. Second, IFAD assistance has been specifically targeted at areas with the highest poverty levels rather than at those with the greatest development and economic potential. Third, earlier IFAD-supported projects/programmes have focused somewhat disproportionately on social welfare rather than on economic development. While empowerment of rural communities is recognized as essential to rural development, by and large it has not been accompanied by the level of support to economic activities that would improve incomes and alleviate rural poverty.

7. In earlier projects/programmes, too often IFAD has not been adequately supported by other donors in the remote rural areas of Yemen, not only because the level of aid invested in the country is low but also because of the limited links between IFAD-funded interventions and those of other donors. As the only visible source of external funding in the remote areas, IFAD interventions raised expectations, created demand and, where communities were encouraged to select according to their own priorities, led to projects/programmes that were too complex in terms of subsector coverage and over-ambitious vis-à-vis the country context, e.g. weak institutional capacity and limited support to the poorest and peripheral areas.

8. The more recent projects/programmes (approved after 2005) move away from the multisector rural development interventions that dominated the earlier IFAD portfolio in Yemen, towards national programme approaches focusing on a single sector and emphasizing the economic orientation of the project/programme. In particular, the design of the two recently approved interventions: the Economic Opportunities Programme (EOP) and the Fisheries Investment Project (FIP) contains important innovations in the way that the Fund will operate in Yemen – thereby introducing a significant shift in emphasis towards partnering with the private sector.

9. In the EOP and FIP, the institutional arrangement for project management through a public-private partnership – the Economic Opportunities Fund (EOF) – is expected to bring private-sector principles and speed to the management of public development funds, and appears to be an adequate alternative for responding to the Government's present weak capacity. The new projects/programmes also take a private-sector approach to implementation inasmuch as they focus on strengthening selected value chains, including, inter alia, promoting contractual linkages between producer associations and markets. In terms of subsector focus, the selection of high-value agricultural commodities (coffee, honey and horticulture products) and fisheries would also appear to be appropriate owing to their significant growth and poverty-reduction potential for small-scale farmers, fishers and apiculture processors. Well-functioning, profitable coffee, honey and horticulture value chains might well provide a valid alternative to the small farmers who are currently engaged in cultivating qat.

10. The associated potential risks of this innovative approach – in terms of the relatively complex institutional arrangements of the EOF, for example – must be borne in mind. This is all the more

crucial as Yemen heads towards a period of uncertainty and instability that may well have a negative effect on government capacity, slow down economic reform and discourage investor confidence.

11. The performance of the IFAD-supported programme in Yemen has demonstrated incremental gains over the period evaluated, including improvements in the performance of both IFAD and the Government of Yemen. The slow pace of project approval and implementation was a matter of concern for the earlier projects covered by this CPE. Poor fiduciary management combined with weak government capacity, limited interagency coordination and delays in counterpart funding have been recognized as key constraints in Yemen. In the period 2004-2006, three out of four ongoing IFAD interventions were classified as problem projects. However, over the last five years, both the Government and IFAD have responded well to implementation challenges, including improved selection of project managers, more rapid loan disbursements, and, in 2009, the establishment of a comprehensive six-monthly IFAD/Government portfolio review. None of the ongoing projects/programmes is at risk. As projects/programmes came to maturity, and because of the application of the Programme Management Department's new business model, aggregate IFAD loan disbursements increased by 50 per cent between 2008 and 2009.

12. While IFAD's performance was less than optimal in the earlier interventions covered by the CPE, the Fund has improved its country programme management in Yemen over the last five years. The entire portfolio (except one project supervised by the World Bank) is now under direct supervision and receives direct implementation support. The establishment of a country office in Sana'a in 2007, led by a national country programme officer (CPO), has contributed to IFAD's development effectiveness in Yemen both by providing adequate and timely support to supervision and by building up a strong relationship with the Government. Partnership arrangements were also improved in the projects/programmes approved during the second half of the last decade. On the other hand, despite a clearly challenging country context, IFAD has not sufficiently recognized Yemen's level of fragility or adopted a differentiated design approach to respond to conflict circumstances in some parts of the country.

13. IFAD's role as the Government's leading rural development partner (and the confidence it inspires as a result of its expertise and accumulated country experience) makes it well placed to advocate more strongly for rural poverty alleviation issues in the country, including closer cooperation with other donors beyond the various partnerships already established. However, as the CPO's time has been mainly taken up by portfolio supervision issues, the opportunity for IFAD to engage more actively and effectively in policy dialogue has not been fully exploited.

## Recommendations

14. The findings and conclusions of the CPE form the basis of the following recommendations that will inform the preparation of the next COSOP on Yemen.

15. **Development approach.** IFAD should continue to support social mobilization in the country's rural areas and strengthen the social and economic institutions of the poor to plan and manage their own development. This successful feature of IFAD's strategy in Yemen is highly appreciated both by the Government and by other partners in the country. However, while this aspect of IFAD's work is essential for the country's agricultural and rural development, it is not sufficient to sustainably alleviate rural poverty. Therefore the next COSOP will need to emphasize the expected economic orientations of interventions and support the creation of economic opportunities for the rural poor. This is already reflected in the strategic orientation and priorities of the EOP and FIP.

16. The CPE also recommends that more attention be paid to gender and youth as cross-cutting themes of the next country strategy. As women's seriously disadvantaged position remains a key challenge to the country's human development, IFAD should accord priority to promoting gender equity and women's empowerment across its entire Yemen portfolio, particularly with regard to addressing constraints on women's access to capital, land, knowledge and technologies, and

strengthening their role in decision making. The Fund should continue to deploy women staff; strengthen project management's commitment to gender issues; ensure adequate levels of funding for gender-specific activities; and place greater emphasis on youth programmes (e.g. vocational training, access to microcredit, and support to microenterprises) as a way of tackling high youth unemployment.

17. **Subsector focus.** The next COSOP for Yemen should concentrate on a more manageable range of subsectors.<sup>2</sup> The CPE recommends that IFAD should continue to back rural finance by exploring two strategies: providing support for newly-created microfinance institutions (MFIs); and promoting the development of savings and credit associations. It also stresses the importance (in view of the erosion of scarce fertile soil and rapid depletion of water resources, aggravated by the effects of climate change) of greater investments in anti-erosion activities and water harvesting in rainfed areas, including terrace rehabilitation, upstream wadi protection and rehabilitation/construction of water reservoirs for livestock consumption, domestic use and complementary irrigation. IFAD should also dedicate further effort to improving the efficiency of irrigation systems in order to boost agricultural productivity and minimize water losses. It should continue to support water users' associations with regard to operation and maintenance. In terms of productive activities, IFAD should maintain its support to developing the value chain for: (i) high-value commodities (e.g. coffee, honey, horticultural products) with the engagement of the private sector; and (ii) fisheries. Both sectors offer significant potential for poverty reduction and economic growth and, in the case of high-value crops, present alternatives to small farmers presently engaged in growing qat. Investments in fisheries should be also supported by sustainable fishery resources management.

18. **Geographic focus.** IFAD should continue to concentrate its activities in places where the incidence of poverty is highest (western and coastal areas), while also taking advantage of potential economic opportunities.<sup>3</sup> This would include rainfed areas, irrigated land devoted to high-value commodities, and the coastal regions. While national-scale programmes would be a move in the right direction, a realistic indication should be given of the number of settlements to be covered by future projects/programmes.

19. **More prominent consideration of country context challenges in future strategy.** The CPE recommends that, in the context of its discussions with the Government on the next COSOP for Yemen, IFAD should run an ongoing assessment of its strategic direction in light of the current unstable political situation and the wide range of social, economic and security challenges facing the country. This would cover various scenario settings and risk analysis. Consideration should be given inter alia to the adequacy of IFAD's operating model to respond to these challenges. For example, it is essential to mobilize experts in design, supervision and implementation who are experienced in peace-building and tribal affairs and accustomed to working in conflict-stricken areas.

20. Moreover, IFAD should devote greater attention to supervision and implementation support for all ongoing projects/programmes in Yemen, which may require additional budgetary allocations. This recommendation is particularly relevant to the new interventions, which are introducing highly innovative approaches as yet untested in Yemen. The enhanced attention to supervision should involve inter alia the careful monitoring of work programmes, phasing of activities and periodic

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<sup>2</sup> The new Rural Employment Programme (REP) (currently being designed, not covered by the CPE) has pre-identified two sectors (textiles and natural stone) but will also maintain a substantial amount of support under an "open window" to allow flexibility in implementation and avoid potential problems of demand constraints and scaling-up restrictions caused by focusing on too narrow a range of subsectors.

<sup>3</sup> The targeting strategy of the new REP is as follows: "...governorates are selected based on the availability of economic sectors with comparative advantages and growth potential, the high incidence of poverty and unemployment, and their relatively high population densities". The EOP concentrates on coffee-producing zones in the western highlands (focusing on 133 settlements) and the FIP on coastal areas (focusing on 12 landing sites).

assessments of progress against key milestones. IFAD should also consider developing a contingency plan in the event of any severe disruption in the country's social, security or economic conditions.<sup>4</sup>

21. **Strengthened partnerships and coordination.** With the aim of achieving greater cohesion of programmes and competencies on the ground, IFAD will need to step up efforts with regard to mobilizing rural development partners and ensuring closer collaboration with other donors in Yemen. The Fund could achieve more by cooperating more closely with other donors active in the country, such as the United Nations Development Programme (UNDP) and bilateral agencies. IFAD should also seek to ensure the presence of complementary programmes in the same locations, including through cofinancing, thereby allowing IFAD to share responsibilities and prevent it from straying too far from its core mandate. This could be achieved by improving IFAD advocacy and ensuring that, at the early stages of project/programme design, it engages in discussion to identify areas of complementarity and possible cofinancing. The last three interventions approved have already led to significant improvements in this regard: close to US\$60 million in cofinancing has been secured from the International Development Association (IDA)/World Bank, Islamic Development Fund, European Union and local financing institutions.

22. **IFAD's role in strengthening government performance.** Despite some recent improvements, the poor overall level of performance of the Government and of the underdeveloped rural institutions (needed to leverage policymaking and resource allocation in favour of the rural poor) means that IFAD will need to pay particular attention to institutional development. This should include action at the central and governorate levels to strengthen capacity to plan and implement rural development, and training to improve technical capacity. Greater support to, and involvement of, groups of private-sector farmers will be needed in order to obtain better results.

23. **Policy dialogue.** IFAD should take advantage of its privileged position as the Government of Yemen's main development partner in rural poverty alleviation, and play a more prominent role in policy dialogue on key rural development issues. Such dialogue could cover the questions of subsidized diesel fuel for agriculture (often the biggest driver of water depletion, as it effectively lowers extraction costs, thereby removing the incentive for farmers to save water); equity improvement in spate irrigation; and rural finance. Policy dialogue on rural finance might, for example, involve the Government's policy, financial and supervisory framework in supporting the growth and sustainability of fledgling savings and credit associations. IFAD should also continue – by participating in the appropriate United Nations group – to assist the Government in developing a comprehensive long-term vision on qat that would address both supply and demand. The greater weight carried by IFAD as a result of working more closely with other donors would also contribute to more effective policy dialogue (on qat and other issues).

24. **Country programme management.** The CPE acknowledges IFAD's efforts to strengthen country management, including the active role played by the new country team and the country presence in Sana' headed by a CPO. Notwithstanding the foregoing, the CPE recommends that IFAD consider strengthening its country presence to enable it both to participate more actively in policy dialogue with the Government and to strengthen its partnerships with other donors – two important areas for IFAD activities in Yemen. In addition to the contribution that the CPO makes to strengthening the partnership with the Government, the country programme manager's essential role in policy dialogue will need to be acknowledged and reflected as part of IFAD's specific objectives in the country.

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<sup>4</sup> A business continuity framework is already being developed based on a number of potential future scenarios.

**Republic of Yemen**

**Country Programme Evaluation**

**Agreement at Completion Point**

(to be added)



**Republic of Yemen**  
**Country Programme Evaluation**  
**Main Report**

**I. BACKGROUND**

**A. Introduction**

1. This is the second IFAD Country Programme Evaluation (CPE) for Yemen since the Fund started its operations in the country in 1979. The first CPE was in 1992. The evaluation has been conducted in accordance with the provisions of IFAD's Evaluation Policy<sup>1</sup> and follows the methodology and processes for CPEs outlined in the Independent Office of Evaluation's (IOE) Evaluation Manual.<sup>2</sup>

2. Yemen is the 3<sup>rd</sup> largest recipient of the Fund's resources in terms of loans and grants in NEN.<sup>3</sup> Figure 1 below provides a snapshot of key data related to the IFAD-supported projects and programmes in the country, which have covered the poorer governorates in Yemen.

**Figure 1. IFAD Operations in Yemen**

First IFAD loan-funded project	1979
Total loans-funded projects approved	21
Total amount of IFAD lending approved	US\$223.9 million
Counterpart funding (Government & Beneficiaries)	US\$175.9 million
Co-financing amount	US\$276.6 million
Total portfolio cost	US\$668.3 million
Current lending terms	Highly Concessional DSF grants
Focus of operations	Community-driven development, rainfed agriculture, infrastructure development, women empowerment, rural finance
Cofinancers	World Bank, AFESD, IsDB, European Union (EU), bilaterals (UK/DfID, Germany/KfW, Kuwait/FAED, Switzerland/SDC) UNDP
Number of ongoing projects	5
Total grant <sup>4</sup> amount approved	US\$1.9 million country grants; US\$ 25.7 million participation in regional grants
Past cooperating institutions	IDA (11), UNOPS (4), AFESD (3), IFAD (3)
Responsible IFAD division for operations	Near East, North Africa and Europe Division
Country Strategic Opportunities Programme (COSOP)	1997, 2000, 2007
Country office in Yemen:	Since 2007
Country programme managers (CPMs) since 1995	3
Current CPM	Responsible since September 2008
Principle Government interlocutors	Ministry of Planning and International Cooperation, Ministry of Agriculture and Irrigation, Ministry of Public Works and Highways and Ministry of Fish Wealth

<sup>1</sup> Approved by the Fund's Executive Board in April 2003 (see document EB2003/78/R.17/Rev. 1). Also available on: [www.ifad.org/evaluation/policy/index.htm](http://www.ifad.org/evaluation/policy/index.htm).

<sup>2</sup> Available on: [www.ifad.org/evaluation/process\\_methodology/doc/manual.pdf](http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf).

<sup>3</sup> After Sudan and Egypt.

<sup>4</sup> Not including grant funding for main project financing under DSF.

## B. CPE Objectives, Process and Methodology

### Objectives

3. The CPE has two main objectives: (i) assess the performance and impact of IFAD-financed operations; and (ii) generate a series of findings and recommendations that will help inform the forthcoming results-based Country Strategic Opportunities Programme (COSOP), which will be prepared by IFAD and the Government in 2013.

### Process

4. The CPE has been undertaken by an independent team under the IOE. The CPE has been conducted in five phases. These are: (i) preparation, discussion and completion of the approach paper; (ii) Desk reviews of the IFAD programme and its components, by IOE and IFAD management; (iii) country work phase; (iv) report writing; and (v) communication activities.

5. The phase of preparing and discussing the **approach paper** was completed by March 2010 and the draft presented to counterparts in the Ministry of Agriculture and Irrigation (MAI) and Ministry of Planning and International Cooperation (MOPIC).<sup>5</sup> Their views were solicited during the inception visit (IOE lead evaluator Miguel Torralba and consultant's team leader Jon Bennett) from 15-19 May 2010. There were no objections to the conceptual approach envisaged, the only points of discussion were the proposed site visits, team composition and timing.

6. The **desk work phase** included the preparation of individual desk review notes on each project included in the CPE and on non-lending activities. A Desk Review Report was prepared consolidating the various notes prepared.<sup>6</sup> In addition, during the desk work phase, IFAD's Near East, North Africa and Europe Division (NEN) was asked to prepare a self-assessment on the IFAD-Government partnership, based on the main questions contained in the CPE framework (Appendix 1).

7. The country work phase entailed a 5-person main CPE mission comprising multi-disciplinary expertise, and being present in the country for a month (more details below). It also included a special performance and impact assessment of one IFAD-funded project, the results of which have also informed this CPE report. The impact assessment carried out a field survey of the Dhamar Participatory Rural Development Project undertaken by an independent Yemen consultancy firm, Interaction in Development. The findings contributed to this CPE.

8. The CPE report writing phase was based on the data collected throughout the evaluation process. The report was sent to the Government and other partners (e.g., the United Nations Development Programme (UNDP), World Bank, World Food Programme [WFP]) for review and comments. The final phase of the evaluation, communication, entails a range of activities to ensure timely and effective outreach of the findings, lessons learned and recommendations from the Yemen CPE. In particular, a CPE national roundtable workshop is foreseen to be held in Yemen to discuss the main issues emerging from the evaluation and lay the basis for the Agreement at Completion Point (ACP), to be signed by IFAD's Programme Management Department and the designated representative of the Government. The ACP is a short document that will capture the main evaluation

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<sup>5</sup> The CPE is guided by a core learning partnership (CLP) comprising the main users of the evaluation. This includes the Government of Yemen: (i) Ministry of Planning and International Cooperation (MOPIC); (ii) Ministry of Agriculture and Irrigation (MAI); (iii) Ministry of Finance (MOF); (iv) Ministry of Public Works and Urban Development; (v) Social Fund for Development (SFD); and (vi) Embassy of Yemen in Rome. From IFAD: (i) Director IOE; (ii) Director of NEN; (iii) Yemen Country Programme Manager; (iv) Country Programme Officer; and (v) Yemen CPE Lead Evaluator, IOE.

<sup>6</sup> The desk review notes have provided important information for the preparation of this consolidated Yemen CPE desk review report.

findings and recommendations, and will illustrate IFAD's and the Government's agreement to adopt and implement the evaluation recommendations within specific timeframes.

### Coverage

9. The last Country Portfolio Evaluation of IFAD-funded activities in Yemen was completed in 1992 (it covered the 11 projects approved since the beginning of the Fund operations in the country in 1979). At the request of the Government of Yemen and as agreed by IFAD Programme Management Department this CPE analyses the ten projects approved after the 1992 CPE (table 1) – also ensuring in this way that there were no gaps in the evaluation of IFAD-supported programme in Yemen. The two more recent projects approved by the Executive Board in 2010, i.e. the Economic Opportunities Programme (EOP) and the Fisheries Investment Project (FIP) are included in the evaluation to ensure that the evolution in IFAD's approach and priorities in Yemen are taken into consideration in this CPE. As they have not initiated disbursements, they are only assessed for relevance.

10. It is customary for CPEs to cover IFAD operations over a period of an approximately ten years. However, in this case the oldest project in the cohort is the Tihama Environment Protection Project (TEPP), approved in 1993. This implies that the CPE would need to go significantly back further than the customary ten years and would cover more or less 18 years (1993-2010) of IFAD-Government cooperation in Yemen. A chart presenting the time line of loans evaluated by this CPE is included in appendix 4.

11. Given the challenges associated with the evaluation of such a long period of operations, the assessment will distinguish three cohorts of projects:

- The **first cohort** includes the four oldest projects covered by the CPE. These are all completed projects approved in the 1990s (three of them under the first 1997 COSOP, and one before the 1997 COSOP).
- The **second cohort** the subsequent four projects approved between 2000 and 2007 under the 2000 COSOP (all ongoing).
- The **third cohort** includes the latest two projects approved in 2010 under the 2007 COSOP.

**Table 1. IFAD-supported projects covered by the CPE**

<b>Id</b>	<b>Name</b>	<b>Board Approval</b>	<b>Loan Signing</b>	<b>Loan Effect.</b>	<b>Closing</b>
<b>First Cohort (completed)</b>					
330	TEPP	07 Apr 93	19 Oct 95	21 Nov 95	30 Jun 03
1061	SGRDP	11 Sep 97	15 Dec 97	01 Jul 98	31 Dec 05
1075	RADP	04 Dec 97	15 Dec 97	10 Jul 98	30 Jun 08
1095	AMRDP	09 Dec 99	26 Jul 00	26 Jul 00	31 Mar 10
<b>Second cohort (ongoing)</b>					
1195	DPRDP	05 Sep 02	18 Feb 03	12 Jul 04	30 June 13 <sup>7</sup>
1269	ADCRMP	09 Sep 04	04 Mar 05	26 Feb 07	30 Sep 14
1293	CBRIP	19 Apr 05	01 Jun 06	01 Mar 07	30 Sep 11 <sup>8</sup>
1403	RALP	12 Sep 07	21 Jan 08	03 Feb 09	30 Sep 14
<b>Third Cohort (recently approved and effective)</b>					
1503	EOP	22 Apr 2010	23 Jun 10	9 Dec 10	30 June 2017
	FIP	15 Dec 2010	Not yet effective		-

<sup>7</sup> Extension approved (from 31 Mar 2012) by the EB in December 2009.

<sup>8</sup> Extended to 30 Sept 2013.

## Methodology

12. The CPE focuses on three mutually reinforcing pillars in the IFAD-Government partnership: (i) project portfolio; (ii) non-lending activities (knowledge management, policy dialogue and partnership building); and (iii) the COSOP itself. Based on these building blocks, the CPE makes an overall assessment of the partnership between IFAD and the Government.

13. While each of the above pillars is assessed individually, the synergies between the various projects financed by IFAD and across lending and non-lending activities are also analysed. This is important to assess the performance of the COSOP and determine the overall achievement rating for the IFAD-Government partnership.

14. **Ratings.** The performance in each of the above is rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest). In view of the long period evaluated, separate ratings will be provided for the assessment of each of the cohorts.<sup>9</sup> This has been undertaken in order to: i) be able to reflect the evolution of the portfolio and therefore contribute to learning; and ii) ensure a fair assessment in relation to accountability recognizing changes in performance throughout the period evaluated.

15. With regard to assessing the **performance of the project portfolio**, the CPE applies standard evaluation methodology for each project using the internationally-recognized evaluation criteria of relevance, effectiveness, efficiency, impact, sustainability, innovation/replication/scaling up, and the performance of partners (including IFAD, the Government and co-operating institutions). Definitions are provided in appendix 2.

16. The objective of the CPE was not to undertake detailed evaluations individually of the ten projects and programmes funded by IFAD in Yemen covered by the CPE. Similarly, detailed technical assessments of project results and impact evaluation using randomized control trials were beyond the scope of the evaluation. The CPE is primarily a strategic exercise, and where individual project rating are given, these draw either on existing project evaluation ratings or represent the judgement of the evaluators based on existing literature and their own observations.

17. With regard to **non-lending activities**, this will specifically entail an assessment of IFAD and Government's combined efforts in promoting policy dialogue, partnership building and knowledge management. In evaluating the performance of non-lending activities, just as in the case of the project portfolio assessment, the CPE also reviews the progress made in furthering the main elements of the Paris Declaration on Aid Effectiveness.

18. The assessment of the **performance of the COSOP** includes assessing its relevance and effectiveness in relation to seven elements of the COSOP: (i) strategic objectives, (ii) geographic priority, (iii) subsector focus, (iv) main partner institutions, (v) targeting approach used, including emphasis on selected social groups, (vi) mix of instruments in the country programme (loans, grants and non-lending activities); and (vii) the provisions for country programme and COSOP management. The assessment of relevance covers the alignment of the strategic objectives, the coherence of the main elements, and the provisions for country programme management and COSOP management. The assessment of effectiveness determines the extent to which the overall strategic objectives contained in the COSOP were achieved.

19. The CPE used **mixed methods** - a combination of quantitative and qualitative techniques - for data gathering. In line with international evaluation practices, the CPE's analysis drew upon self-evaluation data and reports. This was supplemented by field visits and primary data collection from

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<sup>9</sup> The third cohort will only be assessed for relevance as the two projects included in this group have been approved in 2010.

one project. Evaluation findings were as much as possible based on triangulation of evidence collected from different sources. As it is usually the case in independent evaluations it was also built upon informed assessments and judgements made by the evaluators.

20. Special attention is devoted throughout the CPE to understanding the proximate causes of good or less good performance, as this is critical for developing lessons learned for the future Yemen country strategy and operations.

21. **Country work phase method.** Within the portfolio it has not been possible to assess all projects in the same manner or in the same depth. Some projects included in the cohort had already been evaluated by IOE (TEPP and RADP); one has only recently become effective (EOP) and one has yet to become effective (FIP). Ideally, the team would have visited the Southern Governorates Rural Development Project (SGRDP) but security problems prevented this. The team did, however, visit ongoing or closed activities of six projects: TEPP, Al-Mahara Rural Development Project (AMRDP), DPRDP, Al-Dhala Community Resources Management Project (ADCRMP), CBRIP and Rainfed Agriculture and Livestock Project (RALP) and was able to see a pilot scheme of activities planned under the EOP which is being implemented by the DPRDP in Dhamar Governorate. In terms of impact, there are methodological caveats regarding the four ongoing projects (CBRIP, RALP, DPRDP and ADCRMP), but it was still possible to make such assessments within completed project components of each.

22. Out of the ten projects covered by this CPE, eight were assessed across all evaluation criteria. The two more recent ones which have not started implementation yet have only been assessed for relevance. Out of the eight completed or ongoing projects, six were visited on the ground. Three (TEPP, SGRDP and RADP) were based on desk reviews of available documentation, including the two projects evaluations carried by IOE on TEPP and RADP.

23. For each project, documentation, data and assessments – including independent assessments undertaken by implementing agencies – were collected in advance. Much of this was presented in the desk review report undertaken prior to the mission. For the field work, a combination of methods was used: i) Focus group discussions (especially farmers, women associations, water user associations, etc.) with a set of questions for project user groups and linkages with other projects in the area; ii) Government stakeholders meetings – national, provincial and sub-provincial, including project staff; iii) random sample household visits using a pre-agreed set of questions to adult members of the household, to obtain indications of levels of project participation and impact. Emphasis was given to whether gender equity has been achieved. The extent to which projects target the under-25 (youth) demographic was also considered in light of the high proportion of population in this group in Yemen,<sup>10</sup> and iv) key non-government stakeholder meetings – civil society representatives, private sector/merchants/shop keepers, schools. The findings presented herein are the result of “triangulation” of evidence collected from different sources.

24. An additional input to the CPE was a special in-depth performance assessment of the DPRDP. This project has high visibility in Yemen and it is promoting approaches (e.g. in terms of community mobilization) that provided important inputs the preparation of IFAD’s 2007 Results Based Country Strategic Opportunity Programme (RB-COSOP). Using a questionnaire-based survey of 580 households (half in the intervention area, half as a control group in comparison areas) the assessment (undertaken by a Yemen-based consultancy firm<sup>11</sup>) collected primary data from the field, in order to provide the CPE with a quantitative basis of data for further analysis and evaluation.

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<sup>10</sup> The CPE acknowledges that there is little evidence in the programme in Yemen that youth were given particular priority (youth is only mentioned in the target groups in the more recent RALP, EOP and FIP projects) and that this is a relatively new concern for IFAD.

<sup>11</sup> Interaction in Development, ‘Special Performance Assessment of DPRDP, Republic of Yemen’, Sana’a, November 2010.

25. The CPE further benefited from a self-assessment undertaken in August-September 2010, commissioned by NEN.<sup>12</sup> Through questionnaires, group and individual discussions with managers of ongoing projects, as well as recently completed ones, and responsible Ministry officials, this was an opportunity for those most closely involved in the projects to reflect on lessons learned.

26. **Limitations.** With time restrictions, the inherent difficulties of access in remote and rough terrain, and security constraints, the CPE could have first hand knowledge of only a small proportion of IFAD's project areas. The most thorough coverage was undertaken in Al-Mahara and Dhamar; in Al-Dhala, Hjjah, Al-Hudaydah and Tihama only a small number of subproject areas were covered. For security reasons, the three Governorates covered by the Southern Governorates Rural Development Project (Hadramaut, Shabwah, and Abyan) were not visited.

27. With a portfolio looking back over 18 years and four projects closed, there was some difficulty in obtaining any new data beyond existing completion reports, etc. Almost all of the government and Project Management Unit (PMU) staff for closed projects were no longer in the project area, and in several cases neither they nor written project materials could be traced. In the case of the earlier projects, there were also the inevitable challenges of recollection from beneficiaries. Project directors from Al-Mahara, Al-Dhala, Dhamar, CBRIP and RALP did, however, accompany the team and focus group discussions in Dhamar, Al-Dhala and Al-Mahara were well attended.

### **Team Composition and Schedule**

28. In October 2010 the main CPE mission, a multi-disciplinary team of five persons (three internationals, two nationals), spent one month in-country. The team comprised, in addition to the consultant's team leader (Jon Bennett), specialists on microenterprise/microfinance agriculture/natural resources, infrastructure, and community development/gender (see acknowledgements section). In Al-Mahara, Dhamar and Al-Dhala the team was also accompanied by two representatives from the MAI who acted as resource persons. From IOE in Rome, Lead Evaluator, Miguel Torralba, joined the mission at the beginning and end of the process.

29. Discussions were held in Sana'a with key government stakeholders, UN agencies, development organizations, as well as national and international NGOs. The team travelled to five governorates (Al-Mahara, Dhamar, Al-Dhala, Hjjah, Al-Hudaydah) and Tihama to see activities on the ground and hold discussions with key stakeholders and beneficiaries.

#### **Key Points**

- This is the second CPE since the beginning of IFAD operations in 1979; the first CPE was in 1992.
- The main objectives of the CPE are to: (i) assess the performance and impact of IFAD-financed operations; and (ii) generate a series of findings and recommendations that will help inform the forthcoming results-based Country Strategic Opportunities Programmes (COSOP), which will be prepared by IFAD and the Government in 2013.
- In order to achieve its objectives, the evaluation made an assessment of the project portfolio, non-lending activities and the performance of the three COSOPs for Yemen. Ten of the twenty-one projects financed by IFAD in the country were included in the evaluation.
- The CPE process included five main phases: preparatory, desk work, country work, report writing and communication and dissemination. Specific deliverables were produced in each phase, which are all publicly available.

<sup>12</sup> 'Yemen Country Programme Evaluation: NEN Assessment', September 2010.

## II. COUNTRY CONTEXT

### A. Overview

30. The Republic of Yemen was formed in 1990 through the unification of the Yemen Arab Republic of the North and the People's Democratic Republic of Yemen in the South. The Republic lies at the south-western corner of the Arabian Peninsula. Yemen's size is approximately 530,000 km<sup>2</sup> and it includes more than 200 islands, with Socotra being the largest. The country is bordered by Saudi Arabia to the north, Oman to the east, the Arabian Sea to the south and the Red Sea to the west. It has a mountainous interior surrounded by narrow coastal plains to the west, south, and east and by upland desert to the north along the border with Saudi Arabia. It can be divided into four agro-ecological zones (the Highlands, the Eastern Plateau, the Tihama and the Coastal Area). The country has an advantageous position in the international shipping network and many international shipping lines pass through its main ports of Aden and Hodeida.

31. Yemen has a population of over 24 million inhabitants<sup>13</sup> (second most populous country in the Arabian Peninsula). The large majority (69 per cent) lives in rural areas. Yemen has the largest youth population outside sub-Saharan Africa. Just over 67 per cent are under the age of 24 and approximately 44 per cent of Yemenis are younger than 15, a reflection of the country's high population growth rate of 2.8 per cent per year. The total fertility rate is 5.1 lifetime births per woman, among the highest in the world. Yemen's population is one of the world's fastest growing and is expected to double to over 40 million within 20 years.<sup>14</sup>

32. **Poverty.** National Households Budget Surveys were undertaken in 1998 and 2005, allowing a degree of data comparison. In 2005 the national poverty headcount index was 34.8 per cent (down from 40.1 per cent in 1998) mainly due to a significant reduction in urban poverty, which shrunk from 32.3 to 20.7 per cent in the same period.<sup>15</sup> National poverty figures have however deteriorated in recent years, with an estimated increase from 34.8 per cent in 2005-2006 to 42.8 per cent of the population lay below the poverty line in 2009. About 42 per cent of the population live below the national poverty line.<sup>16</sup>

33. Based on the latest poverty estimates, the large majority of the poor (84 per cent) live in rural areas. Rural poverty in 2005 was 40.1 per cent, showing only slight decline from 42.5 per cent in 1998. In terms of geographic distribution, poverty in Yemen is characterised by a strong regional dimension, with large differences in poverty levels found between governorates. In 2005, poverty was highest in the rural areas of Amran governorate, where 71 per cent of Amran's rural population was poor. The incidence of poverty was the lowest in Al-Mahara and Sana'a governorates. The rural areas of Hajja, Taiz and Al-Hodeida (in the western part of the country) contain about one-third of the rural poor. Inequality remains high and even increased in the period 1998-2005 (the Gini coefficient<sup>17</sup> went up from 35.7 to 41.1).

<sup>13</sup> Economist Intelligence Unit, Yemen Country Report 2010 estimates the 2010 population to be 24.3 million.

<sup>14</sup> UNFPA State of the World's Population, 2009.

<sup>15</sup> The poverty line is calculated based on the food and non-food items, differentiated among regions and according to the rural-urban classification. For 2005, the average poverty line for rural and urban households is 5,377 and 5,667 Yemeni rials per capita per month respectively.

<sup>16</sup> World Development Indicators 2010, *ibid*.

<sup>17</sup> A Gini coefficient of 0 indicates perfect equality, while a coefficient of 100 equates to complete inequality.

**Figure 2. Rural Poverty by Governorate, 2005**

Governorate	Total Population (number)	Rural Households (number)	Rural Population (number)	Rural Poor (number)	Rural Poor (%)
Abyan	434 819	43 430	322 300	161 150	50%
Al Baidha	577 369	53 933	469 316	281 590	60%
Al-Dhala	470 564	51 562	408 318	187 826	46%
Al Hodeida	2 157 552	236 549	1 396 495	502 738	36%
Al Jawf	443 797	51 008	385 735	204 440	53%
Al-Maharah	88 594	8 125	51 347	3 081	6%
Al Mahweet	494 557	64 464	458 534	142 146	31%
Amran	877 786	87 359	728 310	517 100	71%
Dhamar	1 330 108	162 763	1 144 162	286 041	25%
Hadramaut	1 028 556	65 022	552 701	215 553	39%
Hajja	1 479 568	177 134	1 339 990	669 995	50%
Ibb	2 132 861	253 183	1 757 028	579 819	33%
Lahej	722 694	95 699	660 665	323 726	49%
Mareb	238 522	24 141	206 665	103 333	50%
Raymah	394 448	55 744	390 618	136 716	35%
Sa'adah	695 033	71 455	588 015	94 082	16%
Sana'a	919 215	113 948	893 796	250 263	28%
Shabwa	470 440	44 244	396 283	225 881	57%
Taiz	2 303 425	286 077	1 857 445	780 127	42%
<b>Total</b>	<b>17 259 908</b>	<b>1 945 840</b>	<b>14 007 723</b>	<b>5 665 607</b>	<b>40%</b>

Source: based on 2004 census data and World Bank analysis of 2005 household budget survey.  
Source: IFAD. Economic Opportunities Programme. Main Report. 2010.

34. The characteristics of rural poverty in Yemen are presented in Figure 3.

**Figure 3. Rural Poverty in Yemen - Characteristics**

<p><b>Who are the rural poor?</b> landowners owning &lt; 2 ha of rainfed or spate irrigated cultivable land; smallholders with very small holdings or without access to irrigation water; sharecroppers or tenants and their households; landless households dependent on livestock activities and/or casual labour; large farming households (usually consisting of extended families); households with high dependency ratios (e.g. adult unable to work or disabled); women-headed households; young women and men living in extended households.</p>
<p><b>Where are the rural poor?</b></p> <ul style="list-style-type: none"> <li>➤ the rural poor are to be found throughout rural areas;</li> <li>➤ located in areas of high population density and very small holdings;</li> <li>➤ concentrated in dispersed settlements with inadequate access to services;</li> <li>➤ found in remote inhospitable mountainous areas with steep watersheds;</li> <li>➤ often dependent on seasonal or long-term migration to urban areas.</li> </ul>
<p><b>Why are they poor?</b></p> <ul style="list-style-type: none"> <li>➤ subsistence focus;</li> <li>➤ periodic drought and chronic water scarcity; inefficient use of irrigation water;</li> <li>➤ inadequate access to knowledge and technology;</li> <li>➤ poor/inconsistent quality and limited/unscientific application of inputs;</li> <li>➤ inadequate access to financial services;</li> <li>➤ difficult access to markets;</li> <li>➤ weakness of local organizations, constraining collective action/negotiation;</li> <li>➤ unfavourable tenure arrangements for sharecroppers and tenants;</li> <li>➤ other social and non-economic aspects.</li> </ul>
<p><b>What are their coping strategies?</b> out-migration (overseas; in-country); dependence on casual wage labour; borrowing from relatives and local traders; charity (e.g. Social Welfare Fund), further fuelling dependency; recapitalization.</p>

Source: IFAD. Economic Opportunities Programme. Main Report. 2010.

35. Yemen is classified as a least developed country<sup>18</sup> by the United Nations and as a low income country according to the World Bank<sup>19</sup> classification based on Gross National Income (GNI) per capita. Latest data available on GNI per capita for Yemen is US\$1,060 in 2009,<sup>20</sup> the lowest in the Middle East and North Africa region.

36. In terms of human development, according to the Human Development Index (HDI) Yemen is ranked in the group of countries with a medium HDI – ranking 133rd among 169 countries.<sup>21</sup> During this period, Yemen has achieved progress in a number of areas such as life expectancy (from 42 years in 1970 to 62 in 2005), and basic education enrolment (from 3 million in 1996 to 4.3 million in 2007<sup>22</sup>), even though these figures still remain quite low.

37. **Women** fare worse than men on all human development indicators except for life expectancy at birth. The comparison of the Gender-related Development Index (GDI) with the HDI reveals that Yemen is one of the countries with largest gender gap in the world.<sup>23</sup> Only one in nine rural women can read and write as the gender gap in education is high and continues to grow. In 2008, the gender gap (ratio of females to males) at the primary, secondary, and university levels of education was 55.7 per cent, 36.6 per cent, and 32.3 per cent respectively. The heavy domestic workload, alongside cultural norms and traditions limits the mobility of women.

38. Yemen faces significant security problems related to the Shi'ite insurgency in the northern province of Sa'ada, an armed insurrection in the South, Islamic extremist violence directed against Western interests and the government, as well as endemic tribal violence in a heavily armed society. The UN Security Council has recently expressed “grave concern over the deteriorating security and humanitarian situation in Yemen”.<sup>24</sup> These security problems are rooted in and exacerbate underlying economic and social problems<sup>25</sup> including widespread poverty and unemployment and the exclusion of large parts of the population from the economic benefits of oil (see section on economy later in this chapter), as well as increasing pressure on resources, notably water.

### **Institutional Context**

39. Yemen is governed through 21 governorates and 332 districts. The 2000 Local Authority Law mandated decentralization to elected councils at the governorate and district levels. The local budget for 2005 was prepared fully and directly by local councils, but fiscal decentralization is still in its infancy, and local councils have little power to impose taxes and little discretion over revenue spending. Nonetheless, IFAD-supported projects have established fruitful partnerships with elected local councils, especially at the district level in the areas where IFAD projects are located. Central government control is not strong outside the main towns and cities, where tribes largely hold sway and have considerable indirect political power.

<sup>18</sup> This classification is based on three criteria: GNI per capita, human assets and economic vulnerability. For more information see <http://www.un.org/esa/policy/devplan/profile/criteria.html>.

<sup>19</sup> The World Bank classifies member countries according to the value of GNI per capita. Low income countries are those with a GNI per capita of less than US\$975.

<sup>20</sup> World Development Indicators 2010, <http://data.worldbank.org/country/yemen-republic>.

<sup>21</sup> UNDP, Human Development Report 2010.

<sup>22</sup> As a percentage of total population these figures would suggest education enrolment has remained roughly stable/declined in this period from 19% to 18% of the total population.

<sup>23</sup> Out of 155 countries with both HDI and GDI values, only three countries (Pakistan, Niger and Afghanistan) have a lower ratio of GDI over HDI than Yemen. The greater the gender disparity in basic human development, the lower is a country's GDI relative to its HDI.

<sup>24</sup> Security Council press statement, SC/10296, 24 June 2011.

<sup>25</sup> See, for example, the UN Resident Coordinator's Annual Report, 2009 (<http://www.undp.org/ye>).

40. Five central ministries are particularly relevant for IFAD's work in Yemen: MOPIC, MAI, with its Department of Planning holding responsibility, the Ministry of Finance (MOF), the Ministry of Public Works and Highways (MPWH) and the Ministry of Fish Wealth (MFW). MOPIC is the authorized representative of the Borrower/Recipient of IFAD loans and grants.

41. One of IFAD's key non-governmental partners in Yemen is the Social Fund for Development (SFD), a Yemeni agency established in 1997. Its Director is the Deputy Prime Minister and Minister of Planning and International Cooperation; its board of Directors includes 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 organization, with particular strengths in the social aspects of poverty reduction and community development, participating in the implementation of the national poverty reduction strategies. It is funded through agreements with Government.

42. The public sector has significant human and institutional gaps in Yemen, institutional fragmentation of key functions of government and inadequate information systems. Public Financial Management (PFM) and Procurement systems are little used.<sup>26</sup> Despite significant improvements in social indicators in the last decade, deep challenges remain and Yemen is not expected to achieve key Millennium Development Goals (MDGs) by 2015.

### **Economy**

43. Since the unification in 1990, Yemen has achieved important successes in spite of major adverse shocks – the return of hundreds of thousands of workers from the Gulf, a costly civil war and swings in oil prices. Throughout the 1990s, achieved average 5 per cent annual growth as a result of reforms such as liberalized trade and reduced subsidies. The achievements of the 1990s were followed by a period of slow economic progress during 2000-2005. Since 2006, the Government has recommenced key economic and governance reforms contained in its National Reform Agenda including anti-corruption, rule of law, improving the investment climate and enhancing political participation.

44. Oil and agriculture/fisheries are the two mainstays of Yemen's economy. Oil accounts for 92 per cent of export earnings<sup>27</sup> and close to 70 per cent of government revenue. This leaves the external and fiscal accounts highly vulnerable to fluctuations in global oil prices. Yemen's oil reserves are relatively small by Gulf standards, and output is declining.<sup>28</sup> On current trends, Yemen is expected to become a net importer of oil by 2016, and to have depleted its oil reserves within 12 years, although prospects for the gas sector look better. Notwithstanding the dominance of the oil sector in the overall economy, agriculture has traditionally been a key pillar of the domestic economy (see agriculture section later in this chapter).

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<sup>26</sup> A 2006 OECD Baseline Survey on monitoring the Paris Declaration reported that just 10 per cent of aid to the government sector in Yemen made use of country PFM systems, reflecting the weakness of such systems. See OECD, 2006 Survey on Monitoring the Paris Declaration (Overview), <http://www.oecd.org/dataoecd/58/28/39112140.pdf>.

<sup>27</sup> World Development Indicators 2010, *ibid*.

<sup>28</sup> The Economist Intelligence Unit 2010 Yemen Country Report estimated crude oil exports to be US\$4,244 billion in 2009, rising to US\$4,932 billion in 2010, but predicted a decline to US\$3,658 billion by 2012.

**Table 2. Main Macroeconomic Indicators (2005-2011)**

	2005 <sup>a</sup>	2006 <sup>a</sup>	2007 <sup>a</sup>	2008 <sup>a</sup>	2009 <sup>b</sup>	2010 <sup>c</sup>	2011 <sup>c</sup>
Nominal GDP (current US\$ m)	17,872	20,903	23,727	28,707	28,487	29,851	32,290
Real GDP growth (annual per cent) <sup>a</sup>	4.6	3.2 <sup>b</sup>	3.5 <sup>b</sup>	3.2 <sup>b</sup>	3.8	5.0	2.6
Origin of GDP (per cent real change)							
Agriculture	3.3	3.3 <sup>b</sup>	1.5 <sup>b</sup>	2.2 <sup>b</sup>	-1.0	2.0	2.2
Population (m)	21.1	21.7	22.3	22.9	23.6	24.3	25.0
GDP per head (US\$ at PPP)	2,336 <sup>b</sup>	2,416 <sup>b</sup>	2,509 <sup>b</sup>	2,570 <sup>b</sup>	2,625	2,714	2,735
(per cent of GDP)							
Central government budget balance	-1.7	1.1	-5.5	-3.9 <sup>b</sup>	-10.3	-8.8	-10.5
Public debt	32.1 <sup>b</sup>	27.9 <sup>b</sup>	30.7 <sup>b</sup>	29.1 <sup>b</sup>	39.4	45.3	51.8
Consumer prices (av; per cent) <sup>b</sup>	16.5	11.3	7.9	19.0	3.7 <sup>a</sup>	12.4	13.2
Current account balance (US\$ m)	624	206	-1,508	-1,251	-2,332	-2,451	-2,592

a Source: Economist Intelligence Unit -Actual.

b Source: Economist Intelligence Unit estimates.

c Source: Economist Intelligence Unit forecasts.

45. Yemen's estimated Gross Domestic Product (GDP) in 2010 was US\$32.322 billion.<sup>29</sup> GDP growth of 6.2 per cent in 2010 was almost double that of the previous year due to its newly commissioned gas export capacity, but this is seen as only a temporary fillip.<sup>30</sup> The country's major challenge is to wean itself off a reliance on the diminishing oil sector which contributes the bulk of export and fiscal revenue. The government accepts the necessity to rein in fuel subsidies, but in the unstable political climate this will prove a major test of will.

46. Official unemployment rose from 12 per cent in 2000 to 15 per cent in 2010; however, real unemployment is much higher (estimated at 35 per cent) with high levels of underemployment in rural areas.<sup>31</sup> The largest increase in unemployment was among the rural poor. Graduate and youth unemployment is estimated to be in the range of 60-70 per cent.<sup>32</sup>

47. Yemen ranks high among the top ten countries in the Middle East and North Africa in receiving financial remittances from abroad. Remittances represent an important source of income in Yemen, equivalent to around 7 per cent of GDP in the past decade. Total remittances from Yemeni emigrants during the period 2000-2007 exceeded US\$10 billion.<sup>33</sup> Latest data available from reports issued by Central Bank of Yemen in 2008 indicate an increase in the expatriates' transfers during 2008 to US\$1.4 billion (from 1.3 billion in 2007). There are an estimated one million Yemeni emigrants abroad mostly in the Gulf States, Southeast Asia and the USA. The expatriates' remittances during the 1970s and 1980s were estimated at one to two billion dollars a year, but starting in the 1990s up to 2000 that amount dropped to about one billion a year for many emigrants had to come home because of the Gulf War.

48. The contribution of the private sector to total industrial output amounted to over 70 per cent in 2006. In the same year, about 78 per cent of employment was generated by private sector activities. In

<sup>29</sup> Economist Intelligence Unit, *ibid.*

<sup>30</sup> Economist Intelligence Unit, *ibid.*

<sup>31</sup> IFAD Rural Employment Programme (REP) Design report.

<sup>32</sup> IFAD, *ibid.*

<sup>33</sup> The World Bank. 2008.

construction, private sector contributions average about 40 per cent per annum.<sup>34</sup> The Government of Yemen recognizes 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. Since 2004, in particular the Government has made efforts to enhance the business environment and facilitate private sector-led economic diversification. The first three years of the National Agenda for Reform have brought important changes (for example amending legislations on foreign investment, mining, land registration, and income tax) and Yemen was the top reformer on the ease of starting a business in 2009 (although is still ranked 99th out of 183 countries in the 2010 Ease of Doing Business survey). Despite these efforts, private sector activity has not yet expanded at the scale needed to support the country's social and economic development agenda.<sup>35</sup>

49. Long term fiscal stability remains the main issue facing the government in the area of public finance because of the budget's heavy dependence from declining oil output and the substantial and growing domestic debt burden.<sup>36</sup>

### Fisheries

50. About 85 per cent of the country's fish resources are being exploited by the artisan sector, while 15 per cent are being exploited by the industrial sector. After petroleum production, the fisheries sector is the second largest source of export earnings. Its total contribution to the country's GDP is approximately 3 per cent. Yemen is known to possess significant fisheries resources which are currently not accurately quantified. The sector supports 84,000 fisher's and some 670,000 people, including household members and people involved in processing, marketing, transport and service provision.<sup>37</sup> There is potential for increased value of production through better handling, processing and marketing. Uncontrolled rapid expansion in catch over the last two decades has doubtless resulted in some stock depletion, though figures are unknown.

### Agriculture and Rural Development Environment

51. **Agriculture.** From 2000 to 2005, agriculture was the main source of income for 74 per cent of the population, accounting for 21 per cent of GDP. It employed 31 per cent of the labour force and accounted for 57 per cent of non-oil exports.<sup>38</sup> However, the share of agriculture in GDP has been declining steadily, from 30 per cent in the early 1990s to 20 per cent in 2006 and 14 per cent in 2008. Latest figures from 2007 estimate a total of 3 million people employed in Agriculture.<sup>39</sup> Agriculture consumes about 90 per cent of the country's water resources. One of the greatest current challenges for agriculture is controlling the expansion of land for **qat cultivation**. It is estimated that qat production increased by 79 per cent (from 76,000 tons to 136,000 tons) between 1991 and 2006.<sup>40</sup> Qat production also consumes large quantities of water (approximately 0,77 BCM in 2000 equivalent to 25 per cent of the total water use for

<sup>34</sup> Cited in "As Yemeni banks grow, funding for private sector activities proceeds slowly" Al-Shourfa, [http://www.al-shorfa.com/cocoon/meii/xhtml/en\\_GB/features/meii/features/business/2011/01/24/feature-01](http://www.al-shorfa.com/cocoon/meii/xhtml/en_GB/features/meii/features/business/2011/01/24/feature-01)

<sup>35</sup> Yemen: World Bank Grant to Support Private Sector Growth and Social Protection

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22790229~menuPK:34463~pagePK:34370~piPK:34424~theSitePK:4607,00.html>.

<sup>36</sup> Mid Term Review of the 3rd Socio-Economic Development Plan for Poverty Reduction 2006-2010.

<sup>37</sup> IFAD Fisheries Investment Project, Main Design Report, 2010.

<sup>38</sup> Government of Yemen, Yemen's Development plan for Poverty Reduction, 2006-2010.

<sup>39</sup> Rural Poverty Report 2011. IFAD.

<sup>40</sup> Qat Production in Yemen, Water Use, Competitiveness and Possible Policy Options for Change, 2008, FAO and MAI.

agriculture sector<sup>41</sup>). Although qat production and trading contributes to almost 10 per cent of GDP, provides employment to about half a million people and rewards farmers with relatively high income, domestic consumption of qat generates serious social impediments as three-quarters of the male population and a third of the female population chew it for up to six hours a day. Qat purchases also absorb a large chunk of the household budget, thus limiting the share of other important expenditures like food, social and educational services. Qat cultivation also discourages production of essential exports and food products, aggravating Yemen's status as food-deficit country (see further details on food security later in this section). Since 1999, the Government has adopted a number of specific policies aimed at controlling, regulating and taxing qat. Yemen Strategic Vision 2025 calls for controlling the cultivation of qat.

52. While 45 per cent of the country's total land is classified as agricultural land (23.6 million hectares), just 2.6 per cent is classified as arable land (around 1.4 million hectares). About 51 per cent of cultivated land is rainfed, 30 per cent is irrigated using groundwater pumped from wells, 10 per cent is under spate irrigation, 6 per cent is irrigated from dams, and 3 per cent is irrigated by other sources. In 2008, about 94 per cent of arable land was cultivated (1.37 million hectares), of which cereals accounted for 55 per cent, fruits and vegetables 13 per cent, fodder crops 11 per cent, qat 11 per cent, other cash crops (coffee, cotton, sesame, tobacco) 6 per cent and legumes 3 per cent.<sup>42</sup> Grazing land is estimated to extend over 20 million hectares.<sup>43</sup>

53. Agricultural production is constrained by the weak technological base of the sector, resulting in growth of just under 4 per cent per annum between 2003 and 2007. The productivity of Yemeni agriculture (particularly crop and livestock subsectors) is at least 50 per cent lower than in other Middle Eastern countries with comparable environments.<sup>44</sup> Post-harvest losses due to poor handling, packaging and transport are estimated to affect about 20 per cent of crop output. Irrigation systems are inefficient, resulting in significant waste of water, estimated to be in the range of 50 per cent to 65 per cent.<sup>45</sup>

54. Yemen's most critically **sparse resource is water**. The per capita share of recoverable water resources is around 200 cubic meters per person a year, well below the water poverty level of 1,000 cubic meters per person a year. Agriculture use more than 90 per cent of the country's available water. Due to low levels of rainfall, agriculture relies heavily on the extraction of groundwater, yet excessive extraction and protracted drought has led to a rapid decline in available water in aquifers in both urban and rural areas. The low cost of water extraction – due to subsidized energy costs and the absence of a legal or institutional base for groundwater extraction – has given farmers little incentive to save water.

55. Generally, **environmental conditions** are worsening in Yemen with extreme weather events increasing in frequency. Vulnerability is worsening throughout the country with more areas subject to insufficient rainfall and the inability to retain rain water either over ground or through recharge, due to the violence of the downpours. This means that some areas which were previously able to sustain rain fed agriculture are having increasing numbers of years without harvests and thus a decreasing ability to maintain households on small holdings.

56. According to Yemen's National Adaptation Programme of Action<sup>46</sup> (NAPA), and based on Intergovernmental Panel for Climate Change projections, temperatures across Yemen are expected to rise

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<sup>41</sup> Ibid.

<sup>42</sup> Agricultural Statistics - 2009, MAI.

<sup>43</sup> IFAD (2010), Economic Opportunities Programme, Final Design report, Volume 1, January 2010.

<sup>44</sup> World Bank Country Study: Economic Growth in the Republic of Yemen, World Bank, 2002, p.23.

<sup>45</sup> IFAD, Economic Opportunities Programme, *ibid*.

<sup>46</sup> Environment Protection Authority, Republic of Yemen, 2009.

anywhere between 1.4 and 2.8 degrees Celsius by 2050.<sup>47</sup> Given the uncertainty presented by current climate models, the precise extent of the vulnerability of rainfed agriculture is not known. However, there is general consensus on increased variability in precipitation, which raises the risk of crop failure and loss of livelihoods.<sup>48</sup> NAPA lists the following major impacts of climate change in Yemen: increased water scarcity and reduced water quality; increased drought frequency, increased temperatures, and changes in precipitation patterns; deterioration of habitats and biodiversity; reduced agricultural productivity; increased sea levels; increased climatic variability; and impacts on coastal zones.

57. **Rural development.** Yemen is a predominantly rural country with over 80 per cent of the population living in rural areas. Rural livelihoods vary according to geography. Where farming is predominant, only 4 per cent of the farmers cultivate more than five hectares.<sup>49</sup> About 60 per cent of all rural households have some land, although 44 per cent have less than one ha. Of the 40 per cent of rural households that have no land, 16 per cent are landless livestock owners, 10 per cent are fishermen, and 5 per cent are either Government employees or have some form of off-farm income generating activity.

58. **In-country migration** is a common livelihood strategy in Yemen. The inability of agriculture to provide sufficient income and the absence of micro and small enterprises in rural areas mean that the vast majority of rural families are largely dependent on the income obtained by their younger males from casual labour in towns and cities each year. The lack of agricultural income is increasing the role of urban casual labour in household income: this is becoming the major source of income for increasing numbers of rural households. While male casual labour is usually a first step in rural-urban migration of the household, cultural factors as well as urban costs of living and housing conditions are slowing down the process of urbanization.<sup>50</sup> So while this income is now the main source of income for many rural households, once basic living costs in town have been covered, the amounts reaching the rural family are very low, and insufficient to raise these households above the poverty line.

59. Less than 1 per cent of agricultural landholders in Yemen are **female**. However, women have a major role in agriculture, often bearing the main responsibility for field crops, irrigated fodder, and horticulture. Women are also the main handlers of livestock within the home compound, and in the highlands they are mainly responsible for care of cattle. Women officially constitute 39 per cent of household labour on farms and 10 per cent of wage labour, but their share of both may be higher.

60. One of the main changes of the sector in recent years has been the reduction in the production of cereals and the increase in market crops, including vegetables, fruit and qat. Cereals are traditionally rainfed, but fruits and vegetables require irrigation, which is placing even greater pressure on Yemen's water scarce resources. Livestock accounts for 20 per cent of agricultural production. Fisheries and aquaculture are identified among the most promising sectors, with potential for increased value of production through better handling, processing and marketing.

61. Yemen is classified by the FAO as a low-income food-deficit country. Yemen produces less than a third of its food needs and imports nearly US\$1.0 billion worth food items annually, while exporting fruits (bananas and mangoes) and coffee. According to a study from World Bank, IFAD and FAO,<sup>51</sup> the recent food price shock had a massive impact on Yemeni food and overall consumer price indexes compared to other countries in the Arab region. In the same report, Yemen is classified in the group of most vulnerable countries to food insecurity due to the high cereal import dependency and the overall

<sup>47</sup> National Adaptation Programme of Action.

<sup>48</sup> According to the World Bank's Agro Biodiversity and Climate Adaptation Project for the Middle East and North Africa Document some studies estimate that climate change could lead to a 50 per cent reduction of crop yields for rain-based agricultural crops by 2020 (World Bank Appraisal Report 2010).

<sup>49</sup> UNDP, MDG Needs Assessment (2003).

<sup>50</sup> EOP. Working paper 1. Poverty and Targeting.

<sup>51</sup> World Bank, IFAD, FAO (2009). Improving Food Security in Arab Countries. The World Bank.

situation of fiscal stress. Even prior to the rise in food prices, hunger levels were alarming in Yemen. The IFPRI 2010 Global Hunger Index (GHI) rates Yemen as 27.3, a small improvement on 30.1 in 1990.<sup>52</sup>

62. According to the classification provided in the 2008 World Development Report based on the share of aggregate growth originating in the agriculture and the share rural poor compared to the total poverty, Yemen is classified as a threshold country between the group of agricultural-based countries (mostly of them are in sub-Saharan Africa) and transforming countries (located in Asia, North Asia and the Middle East). In Yemen, agriculture has seen a decline in contribution to GDP, while poverty is predominantly rural (the rural poor account to around 80 per cent of the total poor in the country).

## **B. Public Policies for Rural Poverty Alleviation and Donor Assistance**

63. **Development policies.** The country's long term strategy of social and economic development is captured in the government's Strategic Vision 2025, adopted by the government in 2002. In this strategy, a redirection of agriculture development is envisioned in support of rainfed agriculture, improvement of water-use efficiency and the cultivation of crops that are cost efficient and show export potential. There is not at the moment a specific sectoral strategy on agriculture and rural development.

64. Yemen has also prepared Poverty Reduction Strategy Papers (PRSPs) since the year 2000 and Five Years Plan for Economic and Social Development, the first of which covered from 1996 to 2000. The country has just completed its third Five-Years Development Plan that was renamed the Development Plan for Poverty Reduction (DPPR) 2006-2010. The three key DPPR objectives were as follows:

- 1) Enhance partnership with the private sector, civil society, and external financiers to reduce poverty.
- 2) (i) promote small and medium enterprises (SMEs) for sustainable income generation, particularly in food processing, export-oriented agriculture, fisheries, tourism and related services; and, (ii) promote microfinance services for the poor, particularly for women in rural areas.
- 3) (i) increase efficiencies in the agriculture sector; (ii) enhance household food security; and (iii) ensure optimal and sustainable use of fishery resources.

65. This plan recognizes the fundamental role of the agriculture sector in achieving food security, increasing the GDP, diversifying the economic structure and creating employment opportunities in rural areas. The Plan recognizes (in line with the Strategic Vision 2025) that the future of agriculture in Yemen rests with the rainfed sector, on improved efficiency in the existing irrigated sector in view of the critical shortage of water resources and finding alternative cash crops to qat. In addition, the DPPR highlights the necessity to integrate and rationalize the roles of the various institutions involved in the agriculture sector following a "decentralized approach" based on a "revised and conductive regulatory framework and supported by training of relevant staff coupled with an enhanced role for civil society organizations such as the Agriculture Cooperative Union".<sup>53</sup>

66. The Government recognizes the importance of SMEs in moving the economy and reducing poverty and unemployment in Yemen. In order to reach its goal, the Government, through the SFD, has tried to encourage the development of the sector. The Government has established the Small Enterprise Development Fund (SEDF) a governmental financial institution providing loans to SMEs.

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<sup>52</sup> GHI ranks countries on a 100-point scale, with 0 being the best score (no hunger) and 100 being the worst. The data here is from 2003-2008. International Food Policy Research Institute (IFPRI), <http://chartsbin.com/view/sre>.

<sup>53</sup> DPPR, page 45.

67. Two key **public social protection programmes** relevant to IFAD's support in Yemen are the SFD and the Public Works Programme. SFD is a Yemeni organization which provides support directly to communities to improve education, health, roads, and water supplies. This includes microfinance services and training for local development partners (government, NGOs, communities, and contractors). 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.<sup>54</sup>

68. A nationwide programme, SFD's targeting is well developed and effective. A 2006 evaluation,<sup>55</sup> and a 2007 Joint Donor Review, confirmed that more than 70 per cent of its funds reached the very poorest in selected districts. 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 of these organizations. Many are women's income-generating organizations, which lack basic financial and organizational skills that SFD provides. On the other hand SFD is not without faults. Its 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.

69. The Public Works Programme was established in 1996 with a first phase credit agreement of US\$25 million from the International Development Association (IDA) and smaller contributions from the Government, the Netherlands and community contributions. The Public Works Project (PWP) provides infrastructure service projects for poor and deprived communities in remote areas, developing the local contracting and consulting industry and enhancing community participation in the development process. By the time of its third phase (2005-2010) its budget was over US\$150 million with major contributions from IDA (US\$52 million), Arab Fund Loan (US\$57 million), USA (US\$15 million), EU (US\$4.6 million), World Bank (US\$10.7 million) and IFAD (US\$1.26 million for the Dhamar project).<sup>56</sup>

70. During the period 2000-2007 public expenditure in Yemen averaged 34.8 per cent of GDP. Defence and education are the two sectors that concentrate the highest spending, with an average of 15 per cent of total expenditure in each of them. **Public expenditure in agriculture** represented on average a very small fraction (1.6 per cent) of total expenditure for the same period, equivalent to around US\$230 million per year.<sup>57</sup>

71. **Official development assistance.** Yemen is severely 'under-aided', with weak governance capacity and poor fiduciary environment hampering its access to development finance in the past. Between 1998 and 2009 disbursements from OECD DAC members ranged between US\$213 million and US\$499 million per year (see Figure 4), with an average US\$310 million per year. Yemen received in 2003 a total of US\$12.7 per capita in aid, equivalent to 2.2 per cent of GDP. These represent the lowest level of ODA per capita in the Middle East and overall low compared to the average US\$33.4 per capita and 18.7 per cent of GDP for less developed countries.

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<sup>54</sup> SFD, 2006, Impact Evaluation.

<sup>55</sup> SFD, 2006, Impact Evaluation.

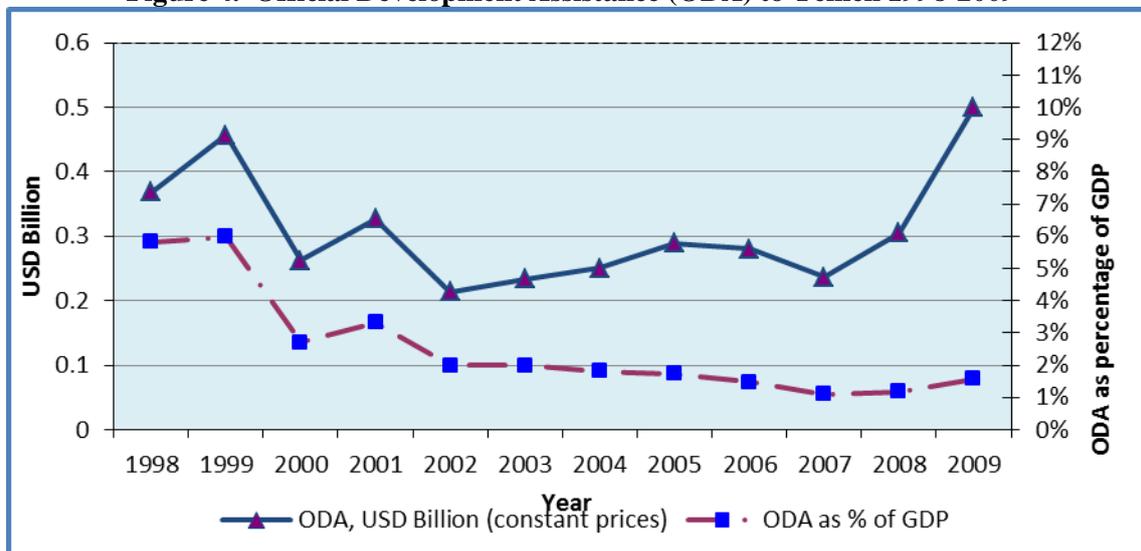
<sup>56</sup> Public Works Project site:

<http://pwpyemen.org/content.asp?lang=En&CatId=38&ContentType=GeneralInfo>.

<sup>57</sup> Statistics of Public Expenditure for Economic Development (SPEED) 2010. International Food Policy Research Institute (IFPRI).

72. At a Consultative Group Meeting held between the Republic of Yemen and her development cooperation partners in November 2006 in London, total financial pledges to Yemen amounted to US\$4.7 billion for the period 2007-2010 (US\$2.8 billion in grant aid and US\$1.9 billion in soft loans). The primary purpose was to help Yemen meet MDG targets based on its Third Five-Year DPPR. Yemen is one of the eight pilot countries for the UN Millennium Project. Close to half of the funds were pledged by the Gulf Cooperation Council (GCC) countries through bilateral aid. The rest was pledged mainly by Multilateral Regional and International Agencies (37 per cent) and western bilateral donors (14 per cent). Saudi Arabia is the largest bilateral donor to Yemen, followed by the United Arab Emirates and Qatar. The Arab Fund for Socio-economic Development and the IDA of the World Bank are also major donors.

**Figure 4. Official Development Assistance (ODA) to Yemen 1998-2009<sup>58</sup>**



73. Thus far only about 10 per cent of aid pledged at the 2006 London Conference has been disbursed.<sup>59</sup> This is a combination of pledges not being honoured, and concerns about aid-absorption capacity; however, it also reflects concerns over insufficient clarity about national strategic policies. As a result of this there are huge discrepancies between commitments and actual disbursements. One example of this is the social infrastructure sector to which US\$709 million<sup>60</sup> were committed in 2009 but in fact only US\$271 million were disbursed another example relates to transport sector which received a commitment of US\$123.9 million in 2009 however only US\$12.3<sup>61</sup> million were disbursed. However, there are signs that this situation is changing as illustrated by the leap in total disbursements from US\$305 million in 2008 to US\$513 million in 2009. Furthermore, in an important development, in August 2010 the IMF agreed an economic support plan with the Government, which will not only buttress the government's economic reform efforts, but may also speed up the disbursement of the monies pledged at the London donor conference.<sup>62</sup>

74. ODA to agriculture represent only a minor fraction of total ODA to Yemen. The sectors receiving the bulk of ODA are education, health and other social sectors which make up for approximately 60 per cent of all uses of ODA.<sup>63</sup> The total value of ODA to agriculture for the period 1998-2009 was US\$22.3 million per year, which corresponds to 6 per cent of total ODA to the country in the same period. IDA is

<sup>58</sup> OECD data, IMF World Economic Outlook, Economist Intelligence Unit, 2011.

<sup>59</sup> Economist Intelligence Unit, Country Report, Yemen, November 2010.

<sup>60</sup> OECD data current prices.

<sup>61</sup> Ibid.

<sup>62</sup> Economist Intelligence Unit, *ibid.*

<sup>63</sup> [www.aidflows.org](http://www.aidflows.org).

the largest donor to the agriculture sector in Yemen. In the period 1998-2009, IDA committed a total of US\$181.8 million. IFAD is the second largest donor to agriculture in Yemen with a total of US\$53 million (US\$4.4 million average per year) in loans approved by IFAD Executive Board for the same period.

75. The World Bank Group is the largest IFI operating in Yemen, with a current IDA portfolio including 21 active projects with a total net commitment value of about US\$1 billion. Of this, 67 per cent is for infrastructure (which includes 30 per cent for water infrastructure), 4 per cent for agriculture, 24 per cent for education/health/social protection, 5 per cent for private sector.<sup>64</sup> All IDA projects are now financed through grants.

#### **Key Points**

Yemen is the poorest country in the Middle East, with 42 per cent of the population living below the national poverty line. The large majority (84 per cent) of the poor live in rural areas. It is not expected to achieve key MDGs by 2015.

At 3 per cent, the country has one of the highest population growth rates globally, with the population expected to double to over 40 million in 20 years.

Yemen has the largest gender gap in the world. Only one in nine rural women can read and write. The heavy domestic workload, alongside cultural norms and traditions limits the mobility of women.

Water scarcity is a severe challenge in Yemen. The individual water share is around 200 cubic meters per year, well below the water poverty level of 1,000 cubic meters per person per year.

Oil (70 per cent of government revenue) and agriculture are the two mainstays of Yemen's economy. Yemen is expected to have depleted its oil reserves within 12 years and to become a net importer by 2016. Agriculture is the main source of income for three quarters of the population, but its share of GDP has declined to less than 20 per cent.

About 51 per cent of cultivated land is rainfed, and 46 per cent is irrigated using pumped groundwater, spate irrigation or dams. Agriculture consumes 90 per cent of the country's severely depleted water resources. Although *qat* covers only 11 per cent of arable land, its expansion in recent years and consumption of water is of great concern.

Yemen is classified by FAO as a low-income food-deficit country (produces less than a third of its food needs) and is classified in the group of most vulnerable countries to food insecurity.

With its DPPR 2006-2010 the government recognizes the fundamental role of the agriculture sector in achieving food security, increasing the GDP, diversifying the economic structure and creating employment opportunities in rural areas.

Starting in 2006, the government has also emphasized key economic and governance reforms contained in its National Reform Agenda and has made important efforts to improving the investment climate including the enactment of a new microfinance law.

The country has been facing significant security problems in several parts of the country, which exacerbate underlying economic and social problems.

Yemen is severely 'under-aided', with weak governance and poor fiduciary control being the main disincentives to development finance. Commitments from OECD DAC members were an average of US\$400 million per year in the last decade (about 2.2 per cent of GDP). Only 10 per cent of the US\$4.7 billion pledged at the 2006 London Conference has been disbursed.

<sup>64</sup> World Bank Country Brief: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/YEMENEXTN/0,,menuPK:310174~pagePK:141132~piPK:141107~theSitePK:310165,00.html>

### III. THE STRATEGY ADOPTED BY IFAD AND THE GOVERNMENT

#### A. Evolution of the Country Strategic Opportunities Programme

76. The evolution of IFAD's programme since the start of IFAD operations in Yemen in 1979 has essentially seen four key stages; the last three of them are covered by the CPE.

77. Early IFAD projects (most of them approved in 1980's) supported Yemen's agricultural development strategy which emphasized crop intensification in the best endowed areas, on the assumption that these presented the best investment opportunities and prospects for a quick increase in national production, as well as institutional capacity building. The primary goal of these projects was the improvement of food self-sufficiency. Projects were expected to contribute to economic growth: they were designed to increase agricultural output and raise general incomes but did not have an explicit poverty focus. In this early phase, IFAD financed five projects in Yemen Arab Republic and three projects in the People's Democratic Republic of Yemen. Only one project approved in this early period is under review by the CPE – the TEPP. These projects were not initiated by IFAD, but picked up from the IDA pipeline. The choice of financing non-IFAD initiated projects can be considered a "pragmatic choice" made by the newly-established Fund to rapidly become operational in Yemen.<sup>65</sup>

78. A Country Portfolio Evaluation was undertaken by the IFAD Monitoring and Evaluation Division in 1992.<sup>66</sup> The Evaluation favoured an increasing prioritization of rainfed areas in which the majority of the rural population live, though history proved this to be a poor recommendation in terms of effectiveness, sustainability and debt stress. Key lessons from the evaluation are summarized in Box 1.

#### Box 1. Key lessons from 1992 Country Portfolio Evaluation

The evaluation identifies three **key success factors**: (i) Strength and continuity of project leadership; (ii) Sharp focus, either to number of beneficiaries or thematic intervention; and (iii) Extensive management support component. On the other side, the **main problems** encountered were: (i) lack of proper assessment of the implementing institutions capacities; (ii) ineffective monitoring, procurement difficulties and lack of attention given to staff training; and (iii) skewed land and water ownership distribution structure, limited resource base, unfavourable market price signals and Government policy changes. Based on the identified key success factors, the evaluation encouraged IFAD to be generous in the provision of incentives and funds for project management, while focussing project objectives on its central target group/area/theme. In order to improve IFAD's targeting approach more importance should be given to adaptive research for rainfed agriculture and livestock, as the poorest are characterized by being landless and cultivating under rainfed conditions.

79. **The first COSOP.** The first IFAD COSOP was prepared in 1997. The new COSOP changed course from the earlier strategy and aimed at assisting the Government to increase its resource allocation to remote and marginalized areas to alleviate rural poverty by providing the poor with help with productive activities (land/water, capital and technology/skills) and the improvement of social services, especially road and water infrastructure. Six major thrusts were identified: (i) water use efficiency in existing irrigated area; (ii) technology transfer; (iii) off-farm income; (iv) rural finance; (v) social and economic development of rural communities in marginalized areas; and (vi) women in development. Three projects - the SGRDP, the Raymah Area Development Project (RADP) and the AMRDP - were approved under the 1997 COSOP.

80. **The second COSOP.** A new COSOP was prepared in 2000 to respond to the changes in the Yemen socio-economic and development environment. It proposed five strategic thrusts: community development, expansion and conservation of the natural resource potential; promotion of off-farm income; rural finance; and gender and development. The 2000 COSOP thus reaffirmed the strategic

<sup>65</sup> See IFAD (1992), Country Portfolio Evaluation. Paragraph 10.11.

<sup>66</sup> This was before the approval of the IFAD Evaluation Policy (of 2003) and the establishment of the Independent Office of Evaluation.

objective established in the 1997 COSOP (supporting productive activities and improving social services) and established that – in view of resource constraints – IFAD would concentrate its effort in marginal and peripheral areas where the majority of inhabitants are poor. In these areas, IFAD support was directed towards area-based programmes and focused on rainfed and surface-water-dependant agriculture. Livelihoods diversification was to be promoted through off-farm income generating opportunities. The gender-focus of the IFAD strategy encompassed the improvement of productive skills of women’s labour force in agriculture and their access to credit, especially for microenterprises. The four<sup>67</sup> ongoing projects covered by this CPE were approved under the 2000 COSOP. The more recent one was the RALP approved in Sept 2007, just before the approval of the new COSOP in November 2007.

81. As far as **rural finance** the COSOP 2000 noted that both “off-farm income generation and microenterprise development needed to rely on credit opportunities for the landless and poor farmers”. Thus improving access of the poor to financing, particularly with the decline of remittance income in Yemen, was an important thrust of the strategy. The 2000 COSOP noted that the “development of participatory – depending on savings mobilization – credit groups and social awareness, was at an early stage of development in the country”. Given the impediments associated with past experience with state supported cooperatives, sparse population density, lack of capacity to supervise these institutions and the high cost of such supervision, the “successful development of village savings and banking groups was likely to take a long time and significant effort.” The strategy foresaw that these areas required a gradual approach and significant capacity building and accountancy training to interested community groups, as well as starting pilot village savings-and-loan schemes in collaboration with NGOs.

82. The Yemen 2000 strategy emphasized **off-farm income promotion** in line with the IFAD Regional Strategy of the time. It stated that in order to diversify risk and income sources, off-farm income generation would be promoted through skills transfer and provision of microfinance. The strategy recognized that the “limited land resource base and the small size of small farmer holdings, coupled with the risks attending agriculture in a semi-arid climate with highly variable rainfall, suggest that the survival strategy of a large part of the rural poor must be to generate most of their income from off-farm activities”.

83. The 2000 COSOP had a particular emphasis on **gender** programming, recognizing that a reduction in the gender gap could have profound implications on increased productivity and improved living conditions for women. Notwithstanding conservative social and religious conventions, the COSOP would take “socially non-threatening actions” to improve women's lives and conditions, including girls’ education, health care, access to domestic water, and agricultural skills improvement, all backed by a participatory approach to rural development. In this respect the portfolio has produced significant results.

84. **The third COSOP.** The most recent COSOP for Yemen formulated by IFAD and the Government was finalized in November 2007 under the new Results-Based COSOP guidelines. Two projects have been approved under this COSOP: the EOP - recently approved by IFAD Executive Board in April 2010 and the Fisheries Investment Programme (FIP) approved in December 2010. The 2007 COSOP (covering the period 2008-2013) mentions that IFAD is recognized by the Government of Yemen as “the leader in participatory rural area development in the country and wishes it to continue to delivery assistance in this field”.<sup>68</sup>

85. The 2007 COSOP identifies three strategic objectives for IFAD operations in Yemen:

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<sup>67</sup> Dhamar Participatory Rural Development Project (DPRDP); Al-Dhala Community Resources Management Project (ADCRMP); Pilot Community-Based Rural Infrastructure Project (CBRIP); and Rainfed and Agriculture and Livestock Project (RALP).

<sup>68</sup> See IFAD (2007), Paragraph. 32.

- (i)empowering rural communities using community-driven development approaches and, in the context of the new direction of Yemen of decentralised decision-making, promote linkage of community institutions to local government structure;
- (ii)promote sustainable rural financial services and pro-poor rural Small and Medium Enterprises (SMEs); and
- (iii)enhance the food security of poor households by restoring the productive agricultural base and enhance agricultural productivity. As far as policy dialogue two main entry points are identified: to promote a rural public expenditure reviews for addressing institutional deficiencies in rural areas, and improving the allocation and management of public resources (expected to contribute to the articulation of a coherent national extension strategy).

86. **Climate change** and adaptation measures have been reflected indirectly or directly in all of the three COSOPs. The earlier COSOPs focused on improving water use efficiency in existing irrigated areas through better conveyance and application systems and appropriate crop choices. The 2007 COSOP highlights climate change and its potential consequences of reduced rainfall, which could disproportionately endanger the livelihoods of the poorer and more vulnerable members of rural society.

87. Towards the end of the decade (under the 2007 COSOP), IFAD began developing a **new country programme approach** based on an integrated and multi-governorate value chain approach, following the identification of high value agricultural commodities (coffee, honey, horticulture) with significant poverty reduction and economic growth potential. The approach also envisages wider public-private partnership. IFAD's programme for the 2010-2012 resource allocation cycle includes three investments: the EOP focussing on agricultural value chain development - approved by IFAD Executive Board in April 2010; the Fisheries Investment Programme focussing on sustainable fisheries resource management and value chain development, recently approved in December 2010; and the Rural Employment Programme focussing on equity investments and other financial services for rural businesses with growth potential. In addition, YemenInvest – Rural Employment Programme (REP) focuses on creating sustainable and diversified employment opportunities for poor rural women and men, to be submitted to the December 2011 Executive Board.

**Table 3. Main elements of 1997, 2000 and 2007 COSOPs**

Key Elements of the strategy	COSOPs 1997 and 2000	RB-COSOP 2007
<i>Strategic objectives</i>	Support to productive activities (land/water, capital and technology/skills) and improving social services; especially road and water infrastructure Focus on: - rainfed and surface-water-dependent agriculture; - livelihoods diversification through off-farm income generating opportunities; - improvement of women productive skills and access to credit, especially for micro-enterprises.	1. Empowering rural communities using community-driven development approaches and promote linkages to local government; 2. Promote sustainable rural financial services and pro-poor rural (SMEs); and 3. Enhance the food security of poor households by restoring the productive agricultural base and enhance agricultural productivity.
<i>Geographic priority</i>	Marginal and peripheral areas where the majority of inhabitants are poor.	Not directly identified, “where rainfed agriculture is predominant since these are likely to have high poverty rates and large numbers of poor people”.
<i>Subsector focus</i>	Water use efficiency; conservation of the natural resource; technology transfer; off-farm-income; rural finance; community development women in development.	Rainfed agriculture, fisheries, employment opportunities, market access, natural resource management, livestock production, rural economic infrastructure, rural finance, gender.
<i>Main partner institutions</i>	National partners: central Government and Regional Development Authorities, provincial governments; national NGOs. International partners: World Bank, UNDP, AFESD; EU, IsDB; The Netherlands.	- National partners: central Government (MOPIC, MAI, MPW, SFD), governorates and local councils, especially at the district level; AREA, CACB. - International partners: World Bank, OPEC, AFESD; IsDB; ICARDA; CGAP, EU, France.
<i>Targeting approach</i>	Not treated specifically.	Governorate level: rainfed agriculture is predominant: high poverty rates and large number of poor people. Communities within the selected governorates that the poorest and most disadvantaged. Tailoring interventions in purpose, scope and size so as to be attractive mainly to poor people.
<i>Country programme mix (loans, grants)</i>	Mix of loans and grants for main project financing.	Mix of loans and Debt Sustainability Framework grants for main project financing.
<i>Country programme management</i>	CPM and programme assistant based in Rome. All project supervised by CIs.	Field presence since September 2007. National Country Programme Officer (CPO).

88. Aside from project interventions, the COSOPs include an overview of IFAD’s **non-lending activities** in terms of policy dialogue, knowledge management and partnership building. IFAD supported non-lending activities in Yemen have increased in importance over time. Earlier loans were regarded as the main instrument with which IFAD delivered its country programme. In view of the lack of country presence, the arena of policy dialogue for example was left largely to other donors and was consequently to be treated through partnerships. From 2007 non-lending activities became an explicitly recognized component of IFAD’s strategy within the new COSOP that envisages a programme composed of a mix of loans, policy dialogue, partnerships, knowledge management and grants.

89. In terms of **policy dialogue**, the 1997 COSOP emphasizes the need to liaise and coordinate closely with other donors to contribute to policy making in agriculture. The 2000 COSOP goes further and details for the first time “the need for appropriate legislative and administrative measures conducive to the creation of informal grass-root participatory institutions” as IFAD’s area of engagement for policy dialogue with the Government of Yemen. In addition, IFAD was expected to engage in policy dialogue to ensure the reform of the Cooperative and Credit Agriculture Bank (CACB) so to promote its financial viability. Other potential areas for policy dialogue by IFAD included the adoption of reform measures to redress inequity in spate irrigation schemes and reorientation of IFAD’s fishery policy by supporting the

institutional development of fishermen's associations and cooperatives and improve social and economic infrastructure in fishing villages. The COSOP however leaves the question on how this was to be achieved unanswered.

90. The 2007 COSOP is more precise compared to its predecessors and envisages policy dialogue to take place in the context of the annual Performance Based Allocation System (PBAS) consultations during the annual review process. It advocates for a rural public expenditure review and a coherent national extension strategy. IFAD's field presence officer is to participate in regular meetings and consultations undertaken jointly with other donors and with the Government. The results management framework includes a column on the following institutional/policy objectives: (i) development of regulatory framework for rural finance; (ii) increasing private sector participation in agricultural service delivery; (iii) increasing environmental safeguards for local investments; and (iv) enhancing structural and institutional reform in fishery sector. However, the weight of these policy objectives in the overall IFAD programme is not clear. In terms of resource allocation, aggregates of EOP and FIP are:

- (i) Rural finance regulatory framework: US\$721,000 for technical assistance and improving rural outreach;
- (ii) Private sector participation in agricultural service delivery: US\$886,800 to share cost of private sector partners employing supply chain managers. Private sector partners will provide a further US\$1,290,400 for this activity;
- (iii) Environmental safeguards for local investments: US\$603,200 for environmental impact assessments, infrastructure feasibility studies and organic certification;
- (iv) Structural and institutional reform in the fishery sector: US\$4,890,000 for sustainable fisheries resource management and US\$466,900 to strengthen fishers' community based organisations.

91. All three COSOPs devote attention to **partnership building** – a testament to IFAD's envisaged modus operandi in Yemen. The 1997 COSOP states that IFAD "would have to pursue more rigorously opportunities for building strategic alliances with donors that can offer grant funds and other concessional resources"<sup>69</sup> IDA, UNDP and Arab Fund for Economic and Social Development (AFESD) are identified, inter alia, as potential partners due to their strong policy influence, capacity building and additional resources. The 2000 COSOP reiterates these partnerships while identifying the World Bank's Comprehensive Development Framework and the United Nations Development Assistance Framework (UNDAF) as planning instruments within which IFAD would operate.<sup>70</sup> In addition, the document introduces the concept of "cooperation with civil-society institutions and NGOs"<sup>71</sup> to deliver its programme. The latest COSOP from 2007 also engages in defining thematic partnership opportunities, e.g. UNDP, World Bank and CGAP for rural finance and GEF for climate change adaptation measures. International research centres are also mentioned in this regard.

92. In terms of **knowledge management**, the 1997 and 2000 COSOPs focused on tapping into existing sources, e.g. the lessons learned of IFAD's Country Portfolio Evaluation in 1992. The 2007 results based COSOP envisages to benefit not only from lessons from the 2006 country programme review but also experiences generated through the regional grant programme with International Centre for Agricultural Research in the Dry Areas (ICARDA). The document identifies several activities concerning knowledge management, namely knowledge exchange seminars and clinics on specific topics during the annual Country Programme Management Team country visit that should also be used to identify issues related to innovation, policy dialogue and partnership. The COSOP also mentions that Yemen was scheduled to join the second phase of KariaNet, a digital networking system connecting IFAD projects for knowledge sharing in the region.

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<sup>69</sup> 1997 COSOP, Paragraph 100.

<sup>70</sup> 2000 COSOP, Paragraph 44.

<sup>71</sup> 2000 COSOP, Paragraph 57.

93. Technical assistance (TA) **grants** and the IFAD/NGO Extended Cooperation Programme are mentioned for the first time as strategic instruments to deliver IFAD's country programme in the 2000 COSOP. They were envisaged to support the following cross-cutting issues: (i) gender equality, (ii) natural resource management and (iii) rural financial services. Synergies with IFAD's lending programme were not clearly described. As part of its strategic objective 3, the 2007 COSOP envisages - as part of its risk management strategy - Yemen's participation in the grant programme on the Near East and North Africa Management Training in Agriculture (NENAMTA).

## B. IFAD Funded Projects and Programmes

94. IFAD has since 1979 financed 21 projects in Yemen, providing US\$223.9 million to projects costing a total of US\$668.3 million. Some US\$276.6 million was provided by co-financiers and US\$175.9 million was the counterpart contribution (both from Government and beneficiaries).<sup>72</sup> A total of US\$1.9 million has been provided to Yemen in the form of country grants and has benefited from US\$ 25.7 in the form of regional grants. Of the 21 projects financed by IFAD, 15 are closed and four are ongoing. Two have been recently become effective in 2010 and 2011. Appendix 5 presents these 21 projects in order of their approval dates. The ten projects covered by the CPE are presented on Table 4 below.

**Table 4. IFAD supported projects covered by the CPE**

Name	Board Approval	Loan Signing	Loan Effect.	Current Completion Date	IFAD Financing (current) (US\$ 000)	Disburs. %
TEPP – Tihama Environment Protection Project	07 Apr 93	19 Oct 95	21 Nov 95	30 Jun 03	9,8	99
SGRDP – Southern Governorates Rural Development Project	11 Sep 97	15 Dec 97	01 Jul 98	31 Dec 05	11,2	100
RADP – Raymah Area Development Project	04 Dec 97	15 Dec 97	10 Jul 98	30 Jun 08	12,1	97
AMRDP – Al-Mahara Rural Development Project	09 Dec 99	26 Jul 00	26 Jul 00	31 Mar 10	12,2	98
DPRDP – Dhamar Participatory Rural Development Project	05 Sep 02	18 Feb 03	12 Jul 04	31 Dec 12**	21,5***	88
ADCRMP – Al-Dhala Community Resource Management Project	09 Sep 04	04 Mar 05	26 Feb 07	31 Mar 15	14,3	34
CBRIP – Pilot Community-Based Rural Infrastructure Project in Highland Areas	19 Apr 05	01 Jun 06	01 Mar 07	30 Sep 13	12,9	45
RALP – Rainfed Agriculture and Livestock Project	12 Sep 07	21 Jan 08	03 Feb 09	31 Mar 14	16,5	9
EOP – Economic Opportunities Programme	April 2010	23 Jun 10	09 Dec 10	31 Dec 16	12,9	-
FIP - Fisheries Investment Project	15 Dec 10	--	--		9.1	-

Source: PPMS

\* Disbursement percentages are as of February 2011.

\*\* Extension approved (from 31 Mar 2012) by the EB in December 2009.

\*\*\* Increase approved (from US\$14.01 m) by EB in December 2009.

95. **Cofinancing** arrangements have been made with the International Development Association (IDA), the AFESD, the Islamic Development Bank (IsDB). Grants cofinancing has been mobilized from WFP, UNDP, and a number of bilateral aid agencies – Germany-KfW, Kuwait-FAED, Netherlands,

<sup>72</sup> All figures are calculated based on the current financing amount.

Switzerland-SDC, and UK-DFID. The most recent projects approved in 2010 (EOP and FIP) have significantly increased the level of cofinancing. Cofinancers include IsDB and EU. The Economic Opportunity Fund will reinvest profits and reflows from its equity investments. Profits will be primarily used to finance the operating costs of the EOF itself. The EOF is expected to become self-financing in this regard during the life of the REP, the third programme it will manage.

96. IFAD-funded operations in Yemen include both project **loans as well as grants** for knowledge management, policy dialogue, partnership building, and to support specific activities within the loan-funded operations. The largest part of the operations consists of loan-funded agriculture and rural development projects.

97. In accordance to its level of GNP per capita, IFAD loans to Yemen were provided on **highly concessional** terms.<sup>73</sup> As Yemen is currently classified as a “high risk” country in “debt distress” (a “red” light country) under the **Debt Sustainability Framework**, it is currently eligible for IFAD financial assistance on 100 per cent grant terms. The level of annual funding allocated to Yemen under IFAD’s Performance Based Allocation System was US\$27.9 million for the period 2007-2009<sup>74</sup> and US\$32.1 million for 2010-2012.<sup>75</sup>

98. The Government’s authorized representative of the Borrower/Recipient for IFAD in Yemen is MOPIC. MOPIC is the first point of contact for IFAD’s country programme. **The executing agencies** for IFAD-supported projects (except those for fisheries) has been the MAI, with its Department of Planning holding responsibility, the Ministry of Public Works and Urban Development (MPWUD) and the Social Fund for Development (each responsible for one project). The Agricultural Research and Extension Authority (AREA) was entrusted with provision of technical services in several projects evaluated. The Ministry of Finance (MOF) had authority for all matters pertaining to loans and grants and the disbursement of funds to the respective PMUs.

99. The two more recent projects approved (EOP and FIP) will be managed by the Economic Opportunities Fund (EOF). The EOF was created by Government decree in October 2010 as a public-private partnership working to improve the economic status of poor women and men in rural areas. The EOF will be governed by a Board of Directors representing the public and private sectors. The public sector will be represented by the Prime Minister, MOPIC, MAI, MFW and MOF; the private sector by the Union of Chambers of Commerce, the Women’s Department of the Union of Chambers of Commerce, the Bankers’ Association, the Businessmen’s Club, the Auditor’s Association and the Yemen Seafood Exporters Association. The Prime Minister will serve as the Chair of the Board of Directors, while a representative of the private sector will serve as Vice-Chair. The composition of the Board of Directors can be modified to reflect the work of the EOF but the distribution of membership between the public and private sectors cannot be modified.

### C. Country Programme Management

100. **Supervision arrangements.** The supervising institutions for the portfolio under examination in this CPE, other than IFAD itself, are the United Nations Office for Project Services (UNOPS) and the World Bank. Both have had Corporate Agreements with IFAD. Until 2008, UNOPS was the cooperating institution (CI) of three completed projects implemented by IFAD in Yemen and was supervising another project that is ongoing (the CBRIP). The cooperation with UNOPS started with the TEPP, which was approved in 1993, and continued until the CBRIP, approved in 2005. Throughout the history of IFAD operations in Yemen, the IDA supervised 11 IFAD-financed projects in Yemen. One ongoing project is

<sup>73</sup> IFAD lends on highly concessional, intermediary or ordinary terms. Highly concessional loans shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years.

<sup>74</sup> Progress report on the implementation of the PBAS. EB/2009/98/R.56. Annex II. 17 Nov 2009.

<sup>75</sup> EOP , President Report, 22 April 2010.

still supervised by the IDA: the RALP. The AFESD supervised three projects: the last one was closed in 1998.

101. In line with IFAD corporate decision, supervision arrangements for the IFAD-supported projects in Yemen have been revised. The entire ongoing portfolio (except RALP) is now under direct supervision.

102. **Country presence.** Yemen was chosen as one of the pilot countries to take part in the Field Presence Pilot Programme approved by the IFAD Executive Board in December 2003. However, its launch in the country was affected by several delays. A Memorandum of Understanding with UNDP to host the IFAD Field Presence Office was signed in February 2007 and a Tripartite Agreement between the Government, UNDP and IFAD to govern the Field Presence arrangements was signed in March 2007.

103. A CPO was recruited in September 2007. The current CPO was previously the director of one of IFAD-supported projects. She is supported by a programme assistant and a driver.

#### **Key Points**

The first generation of IFAD's projects in Yemen (covering nearly two decades since 1979) concentrated on improving food self-sufficiency and economic growth in best endowed irrigated areas. From 1997 (the first COSOP) the focus became rural poverty alleviation, with increasing emphasis on marginal and peripheral areas.

From 2000 agriculture productivity was supported mainly through extension, and adaptive research. Livelihoods diversification was promoted through off-farm income generating opportunities. The gender-focus of the IFAD strategy encompassed the improvement of productive skills of women's labour force in agriculture and their access to credit, especially for microenterprises. Increasing resources were allocated to community infrastructure and the empowerment of rural communities became a central plank of IFAD strategy.

IFAD's engagement in non-lending activities have increased over time. The COSOPs did not indicate specific resources earmarked for these purposes.

Supervision has been entrusted to UNOPS and the World Bank. From 2008 the IFAD portfolio (with one exception) has been under IFAD direct supervision. Cofinancing has been obtained from several donors, with the more recent projects showing a significant increase.

An IFAD Country Office was established in 2007 headed by a national (female) CPO. The CPM is based in Rome.

Towards the end of the decade (under the 2007 COSOP), IFAD began developing a new country programme approach based on an integrated and multi-governorate value chain approach, following the identification of high value agricultural commodities (coffee, honey, horticulture) with significant poverty reduction and economic growth potential.

#### **IV. PORTFOLIO PERFORMANCE**

104. The ten projects under consideration in the CPE are here assessed in accordance with internationally – recognized evaluation criteria of relevance, effectiveness, efficiency, impact and sustainability.<sup>76</sup> In addition, in accordance to IOE Evaluation Manual the CPE will assess innovations, replication and scaling up as well as contribution to gender equity and women empowerment. The portfolio covered by the evaluation extends over 18 years - and each project has a different set of objectives assigned to its subsectors. The CPE has therefore distilled the main cross-cutting objectives from the projects and discussed these in relation to the evaluation criteria.

<sup>76</sup> The exceptions are the EOP and FIP which, because they are not effective yet, will be assessed only for relevance.

105. The assessment of portfolio performance has attempted to reflect the evolution in performance for the three cohorts of projects (please refer to methodology section): first cohort of four completed projects approved in the 1990's (three under the 1997 COSOP); second cohort of four ongoing projects approved in first half of 2000's under the 2000 COSOP; and third cohort of two recently effective projects under the 2007 COSOP.

#### A. Characteristics of the Portfolio

106. IFAD's project portfolio is concentrated in the poorest, marginalized parts of the country, particularly in remote coastal areas and rugged, mountainous zones. In many projects, IFAD was the first institution addressing rural poverty issues in the area. The projects have primarily targeted traditional rainfed and crop/livestock mixed systems or sharecropping areas, where disadvantaged communities are selected based on secondary poverty data and Participatory Rural Appraisal (PRA) techniques. Within selected communities interventions are tailored in purpose, scope and size to be attractive mainly to poor people.

107. The new approach of the EOP is the creation of sustainable economic opportunities for poor rural women and men. The EOF seeks to achieve this by investing in high value agricultural commodities. The FIP will seek to achieve the same by investing in the fisheries and aquaculture sectors. The REP (currently under preparation, not covered by this CPE) will target a range of other sectors including natural stone and handloom textiles. Micro, small and medium sized enterprises will be provided with differentiated forms of support.

108. The emphasis within the IFAD-supported project portfolio in Yemen appears to have changed little over the past 10-15 years, until the approval in 2010 of the EOP and FIP which represent a departure from the earlier projects. Both RADP and AMRDP formulated in the 1990s, were set within strategic frameworks which could well comply with the strategies laid out in the COSOPs of 2000 and 2007.

109. The majority of IFAD operations covered by this evaluation include **community development** components aimed at empowering rural communities, through various mechanisms. The total value of investment from closed and ongoing IFAD operations in community development in Yemen is estimated at around US\$37 million, representing circa 20 per cent of total cost of these projects.<sup>77</sup> The SGRDP, RADP, AMRDP, DPRDP and ADCRMP projects focus on creating community organizations to plan and manage their own development, including mainly the expansion of access to social services through the construction of community social infrastructure (drinking water schemes, health, education). Groups were formed using PRA techniques and consultation mechanisms.

110. The projects supported the creation of Community Development Committees (CDCs), and also marketing associations in later projects such as the Coffee Bean Marketing Association and water users associations. In earlier projects CDCs were a semi-formal structure created specifically for the project. By contrast, in more recent projects such as Al-Dhala the approach was intentionally to work only through registered associations with a view to instilling more permanent responsibility for the maintenance and continuity of subprojects. The Rural Infrastructure Project supports specific community organizations to manage, operate and maintain infrastructure supplied through the project. The EOP and FIP focus on commodity-based producers' associations. A number of these projects included specific support activities for rural women (training, literacy, health).

111. **Gender equity and women empowerment** has been a cross-cutting issue considered in all IFAD-supported projects in Yemen. The projects have promoted their role in decision-making, enabling them to access services and improve their skills and increase their incomes. IFAD projects have been the first to initiate implementation of a gender approach and to strongly support rural women, encouraging rural women to participate effectively in planning and determining their communities' needs, and also in

<sup>77</sup> PPMS. Classification of activities by subcomponent type.

seeking to change prevailing traditional patterns. Women received training on community development and extension, benefited from education and literacy programmes, and established community level women's savings and credit associations.

112. All projects evaluated include a multi-faceted approach to **agriculture and income generating opportunities**, including extension, adaptive research, nurseries, seeds distribution, animal health care, and irrigation development. Activities covered various sectors that include cereals, legumes, vegetables, livestock, fisheries (SGRDP, AMRDP), and in more recent projects apiculture (ADCRMP). The total value of IFAD investment from closed and ongoing operations in agriculture in Yemen is estimated at around US\$30.5 million, representing around 16 per cent of total investment. Largest subcomponents are technology transfer, input supply, seed production, and animal health.

113. IFAD's efforts in agriculture were complemented by the provision of **infrastructure to improve natural resource management** and remove constraints to productivity in several projects (SGRDP, RADP, AMRDP, DPRDP and ADCRMP). This included mainly improved water management and soil conservation. Better water management was pursued through the use of small dams and piped conveyance systems, water harvesting structures and water catchments' management, but also through the establishment of Water Users Associations for operation and maintenance, and support for improved groundwater use. Soil conservation activities included wadi bank protection, rehabilitation of grazing areas, and terrace rehabilitation.<sup>78</sup> One of the earlier projects (SGRDP) also included a component on **land development** for landless families after the denationalization process (return of land to previous private owners after nationalization). In one project, CBRIP, infrastructure (mainly roads) is the core objective. IFAD-supported investments in infrastructure to improve natural resource management are estimated at around US\$70 million, or approximately 37 per cent of total project costs. The largest subcomponents include irrigation infrastructure, and roads/tracks.

114. Eight projects of the ten projects under review include efforts to facilitate access to **rural finance** – TEPP, RADP, AMRDP, DPRDP, ADCRMP, RALP, EOP and FIP. The total value of IFAD investments in support of rural finance is estimated at around US\$24 million or about 13 per cent of total IFAD financing of the current portfolio. It has constituted 30 per cent in RADP and 56 per cent in EOP/FIP.<sup>79</sup> Appendix 8 gives the specific amounts allocated for rural finance in the various projects. A significant emphasis in many IFAD projects under review has been on the provision of credit in rural areas for a wide range of activities such as agriculture, livestock, fisheries and off-farm enterprises. Following from piloted schemes in the AMRDP in the early 2000s, only two more recent projects, the DPRDP and the ADCRMP, made provision for enhancing access to saving services through the establishment of Savings and Credit Associations (SCAs) and encouraging Community Credit Committees at the community level. The other projects have not generally focused on provision of savings. Micro-insurance, leasing and remittance services have not been a part of the rural finance component of the majority of projects under review. Micro-insurance will be supported under the more recent EOP and FIP.

115. The CACB has been IFAD's main partner in five of its eight projects with a rural finance component with a secondary role in the sixth project. It was included in the design of the projects to simplify procedures to reduce borrower transaction costs, simplify collateral and guarantee requirements, introduce structured visits to clients to process applications and use local associations where appropriate to build peer pressure and mutual responsibility. IFAD has also tried to involve partners like the Social Fund for Development which was expected to be its partner in the Southern Governorates Project and is its key partner in the RALP. In the EOP, IFAD is looking at the recently established microfinance institutions and banks as a key partner to achieve its objectives.

<sup>78</sup> The rehabilitation of mountain terraces also contributes to optimize the limited water resources available, through safe retention in the soil profile of runoff water.

<sup>79</sup> The FIP includes US\$13.24 million for financial instruments (equity, credit etc.) and US\$451,000 for strengthening financial institutions.

116. In establishing the eligibility for loans, IFAD financed projects understood that rural finance was required not just for the agriculture sector but for off-farm activities as well, particularly for enterprise development. In some projects, such as the SGRDP, the design envisaged linking trained fishermen,<sup>80</sup> vocational trainees and women with credit. The SGRDP aimed to promote revenue-earning services and micro enterprises and conduct technical skill trainings in areas where employment opportunities seemed promising. The Al-Mahara project was to provide a credit line to CACB to finance smallholder credits and investments in supporting enterprises. These would be created by the private sector or by well managed cooperatives that would conform to sound management and financial criteria.

117. In most projects with a rural finance component, an innovative element was included in the design for CACB which would count not just on direct lending to project clients but also explore group lending (Raymah) wholesaling credit through financial intermediaries, namely agricultural/fishery societies and charitable associations (Al-Mahara and Dhamar) and link community based associations with CACB (Dhamar and Al-Dhala).

118. IFAD projects in Yemen have by and large not included support to **microenterprise development** as a component in project activities. It was generally thought that provision of loans, combined with vocational training would lead the way for the development of off-farm income generation and enterprise development opportunities. TEPP, Raymah, Al-Mahara and RALP did not include support to microenterprise as such. By contrast, the Southern Governorates project did emphasize this component and envisaged that small and microenterprises would be promoted through a combination of apprenticeships and intensive vocational training in technical areas. The Dhamar project envisaged some marketing activities but did not include microenterprise development per se. By contrast, the new EOP and FIP and the start a new direction developed jointly with the government which places major focus on small and medium enterprises and has laid out a plan for capacity building and accessing financial resources for the sector.

## B. Relevance

119. The assessment of relevance reviewed whether project objectives were aligned to the Government of Yemen strategies and policies, as well as with the needs of the rural poor. The CPE also assessed whether project designs were adequate to achieve their objectives, taking into account inter alia the challenges associated to the Yemeni country context. The relevance of the portfolio has been evaluated through an analysis of each of the ten projects covered by the CPE.

120. IFAD-supported projects in the 1990s and most of the 2000s were area based projects, giving particular attention to remote and marginalized areas (Al-Mahara, Southern Governorates, Dhamar, Raymah, Al-Dhala and Tihama). The focus on rainfed areas was appropriate; these are resource-poor and relatively neglected areas. They have the highest concentration of poor rural people and consist mainly of small holdings (one hectare or less) where production even in years of good rainfall is insufficient to maintain the households. Much of the earlier portfolio investments in the 1980s (not covered by this evaluation) went into irrigated agriculture at a time when the country's water deficit had reached crisis point. Addressing the constraints of rainfed agriculture and small-scale livestock production and developing off-farm activities with marketing potential have been highly relevant aspects of IFAD's approach to rural poverty alleviation especially in remote and marginalized areas. This approach was in line with a key policy document in Yemen, Strategic Vision 2025 (adopted in 2002) which calls for the redirection of agricultural production in support of rainfed agriculture, the expansion of water harvesting and the improvement of water-use efficiency. Moreover, it contributes to the first two five-year development plans which identify halting degradation of natural resources; and increasing yields from limited resources as main priorities.

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<sup>80</sup> Successful trainees would qualify for a credit support in order to buy boats and necessary fishing gear to enable them to enter the successful fishing industry as qualified fishermen.

121. At the design stage, geographic **targeting** has been adequate, based on an assessment of socio-economic variables. The targeting has become more sophisticated in recent projects (Dhamar, Al-Dhala) where PRA techniques are used alongside social mapping (using set criteria and known data) and a deeper understanding of geological variables (water, etc.). Project design was in most cases very detailed, including preliminary socio-economic and needs assessment studies (Al-Mahara, Southern Governorates, and Al-Dhala). Expertise in most required fields was included in the design missions, and some cofinancing was sourced, if not always successfully. In addition, adequate targeting was ensured by IFAD focusing its investments on activities of greater interest to the poor than the non-poor, e.g. livestock for women (all projects in the portfolio except CBRIP) and off-farm income generating activities (Raymah, Southern Governorates, Al-Mahara, Dhamar and RALP).

122. Complexity of design is raised several times in the documentation reviewed. DPRDP' President report<sup>81</sup> identifies complexity of projects as "one of the key lesson emerging from IFAD operations in Yemen over the past two decades". It claims that "the constraints imposed by bureaucracy and difficulties encountered in terms of inter-ministerial and inter-agency coordination all suggest that projects should be simple in design and have clear objectives, good targeting arrangements, a precise geographic focus and well-defined implementation procedures and responsibilities". The multitude of challenges facing the rural poor has resulted in projects with multi-component complex designs which have made implementation more cumbersome in the context described above. CBRIP represents a major departure from the multi-sector rural development projects dominating IFAD portfolio in Yemen and a move towards a national programme approach focusing on a single sector – rural infrastructure – with the potential to improve the quality of life of the rural poor. The new country programme (EOP, FIP, REP) is also strategically focused.

123. Monitoring and evaluation (M&E) was identified in project design as an important area, even a priority in some cases. Overall, M&E arrangements at design for all projects were appropriate and followed the requirements of IFAD at the time they were approved. As of 2004 all newly designed projects included the Results and Impact Management System (RIMS) in their M&E systems.

124. The promotion of **community, and particularly women's participation** to develop human resources in isolated rural areas was overall relevant. Group formation also helped reduce the transactions costs of delivering financial services, both for the clients and (where used) the CACB. It is aligned with the Government's PRSPs which emphasize increasing the capacities and assets of the poor, developing human resources and social capital, enhancing equity, and supporting community programmes based on participation and contribution by the people in local project preparation and implementation. The use of PRA techniques has been central to this approach enabling 'ownership' of projects and their subcomponents from the design phase onwards. The objective of expanding access to social services through community social infrastructure such as e.g. water, sanitation, health, was also clearly relevant to the needs of the beneficiaries. However, the use of limited IFAD funds for this purpose is questionable when other agencies such as e.g. the PWP and SFD have greater resources and experience in providing this kind of service.

125. In the first cohort of IFAD-supported projects covered by this CPE (e.g. Tihama and Southern Governorates) an important shortcoming in design was the weak link established between community development and the intended subsequent economic development activities. It was not made clear at the design stage how community participation could help sustain physical assets given to the projects. These shortcomings were addressed in the objectives set for the later Raymah and Al-Mahara projects, with their emphasis on empowering community groups to develop and lead their own agenda with respect to local development initiatives. In the case of Raymah however, community development objectives were overambitious given the insufficient community participation experience and the challenging geographic conditions (widely dispersed settlements and inaccessible and mountainous terrain).

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<sup>81</sup> EB 2002/76/R.20.

126. More recent projects in the second cohort such as the Dhamar and Al-Dhala projects have displayed a deeper understanding of what ‘empowerment’ entails, especially in terms of the control over resources and access to markets. These projects demonstrate the importance of helping community based development committees and associations build capacity through training, literacy and exchanging ideas; and perhaps most importantly, through having their own financial resources to control. Community participation is also reflected in, for instance, the infrastructure subproject cycle. Through the facilitation of project staff, selected communities set their development plans, including infrastructure, as part of the design review. Administrative, financial, technical and O&M training is then provided to selected subprojects (e.g. Dhamar). The recently approved EOP and FIP will take this one stage further through promoting commodity-based producers’ associations.

127. IFAD’s activities on **gender mainstreaming** have been relevant to the needs of women, especially in view of their disadvantaged position in the country (see country context). Education and literacy programmes are worth highlighting given the wide gender gap in education. The IFAD programme in relation to gender equality has also been relevant to the Government priorities, being pursued in line with the strategy developed by the MAI. The strategy sets as key objectives the access of women to extension services, land, microfinance and time-saving technologies. IFAD’s portfolio rightly recognized challenges faced by women in Yemen (e.g. cultural issues, women’s restricted mobility) and managed to deploy women staff to ensure that women in the community are effectively contacted and engaged in project activities such as the provision of extension services, training and other services carried out by the projects. IFAD’s attention to promotion of strong commitment from project management on gender issues, including training among staff and service providers, was also highly relevant to ensure results.

128. There may, however, have been rather formulaic approaches to women’s subprojects. The evaluation observed, for instance, standard designs in facilities and activities for women (sewing, crafts). Moreover, it was not at all clear how rent and upkeep of expensive facilities could be paid for, post-project, from the income earned.

129. The quest to support the rural poor to increase their incomes by increasing **agricultural productivity** through agricultural extension, technical inputs from the AREA and small scale irrigation including spate irrigation (SGRDP, DPRDP, RADP, ADCRMP) were productive investments which, combined with small infrastructure, are in great demand throughout rural Yemen. In addition, IFAD’s investments on livestock for women were activities of relevance to the poor. As far as fisheries is concerned, the support provided to for the development of more self-reliant poor fishing communities in Al-Mahara and Southern Governorates was clearly relevant in view of both the need for investment and skills, as well as the large potential of the subsector.

130. The recent EOP and FIP focus on value chain financing for the promotion of small and medium enterprises is very relevant for the growth of export oriented products in the agriculture and fishery sectors. It addresses the pressing need for income diversification in rural areas through the provision of advisory services and training for off-farm activities. This initiative will primarily target interested and entrepreneurial smallholders, women and young people, who will be identified and selected through a participatory process at community level, led by the EOF’s mobilization teams. The EOF will try to ensure that trained entrepreneurs have access to adapted financial resources to finance their investments and working capital. The approach proposed by EOP addresses key priorities of the Government of Yemen as reflected in the DPPR 2006-2010. In particular enhancing partnership with the private sector, promoting SMEs for sustainable income generation, particularly in food processing, export-oriented agriculture and related services; and increasing efficiencies in the agriculture sector.

131. Support towards the building of **rural infrastructure and natural resource development** has been an essential component of IFAD’s integrated programme throughout the whole period evaluated. This emphasis is in line with the Government’s objectives as outlined in the Yemen 2006-2010 DPPR which emphasize the centrality of the agriculture sector in increasing food security, and the associated importance of irrigation, terracing, water harvesting, a reduction in isolation through road construction, and the provision of basic needs services such as potable water and electricity. The same plan indicates

that priority should be given to improved integrated agricultural systems appropriate to rainfed areas. It also put great emphasis in improving fishery infrastructure such as additional road construction and fish landing platforms. The DPPR builds on the previous Poverty Reduction Strategy (2003-2005) that recognized that scarcity of water is of major concern in Yemen, leading to deterioration in rural health, and can only be adequately dealt with through improved efficiency of water usage.

132. The choice of infrastructure in Dhamar, Al-Dhala, Al-Mahara and the CBRIP area projects was mostly determined by beneficiaries themselves, in dialogue with project staff and therefore overall relevant to their needs. With the exception of big dams determined by the MAI,<sup>82</sup> the same is true for Raymah. In Tihama and Southern Governorates they were implemented without community participation but their relevance to community needs was not disputed.

133. The evaluation has reservations over the construction of small dams in some of the projects. Twenty three small dams were built by IFAD-supported projects in Raymah and Dhamar. In Raymah in particular the recent IFAD evaluation suggests these were not successful due to technical defaults, improper site selection and huge sedimentation deposits. To some extent they were supply driven and disturbed existing traditional water rights.<sup>83</sup>

134. Inevitably, the size and scope of IFAD projects and investments has been insufficient to address the scale of the problems inherent to such a poor country. It is therefore encouraging that the new EOP, which will build on activities currently being piloted in Dhamar, will provide infrastructure to more specific and circumscribed objectives based on enhanced production and marketing of high-value commodities (coffee, honey, horticulture). Old coffee terraces are being rehabilitated, and the productivity of old coffee plants is being improved along with new plantation of coffee saplings.

135. The relevance of investing in infrastructure projects where there is no current business opportunity need to be examined more closely. Although there have been many successful infrastructure projects opened through IFAD funding, investing in infrastructure does not, by itself, contribute to the growth of business. For example, the failure of market structure in Al-Mahara confirms this argument. The project built a market in Huswayn which is currently locked and unused because the location does not have any buyers or sellers and simply providing a building did not solve the marketing problem. Cow sheds were built to encourage collective enterprise in livestock. However, the sheds by themselves did not encourage the farmers to collect and undertake this activity in the absence of any real incentive for embarking on this collectively. The establishment of some CACB branches in low potential areas (see later in this section) further illustrate this issue.

136. Access to **rural financial services** has been identified as a key constraint for the rural poor in Yemen. Attempting to provide access to these services was very relevant to the needs of many households with opportunities for productive investment. However, IFAD's efforts faced important challenges. In the projects areas covered by IFAD in Yemen the population density is low and IFAD target group includes small farmers in the rain-fed areas and artisanal fishers. Lending to this group is generally considered to be high risk and high cost. It requires the use of alternative approaches to reduce the cost of delivery and mitigate against risks. In response to this situation IFAD-financed projects adequately promoted group lending, use of financial intermediaries, promotion of community village banks, SCAs and the formation of Community Credit Funds.

137. In view of the early stage of development in Yemen of community-based rural financial systems – which were expected to take a long time and significant effort – (see section on evolution of strategy), the

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<sup>82</sup> Interviews with beneficiaries confirmed big dams were not identified with their involvement and the community did not contribute to their construction.

<sup>83</sup> Disturbance of water rights and supply driven are main reasons for the failure of relatively big dams that built in wide valleys at bottom edge of mountains at a request by the MAI. For more details refer to RADP Evaluation at Completion of the Project.

projects approached the challenge in a gradual manner. For example, Al-Mahara provided management and accountancy training to interested community groups and was to start pilot village saving and loan schemes in collaboration with UNDP,<sup>84</sup> though this activity never took place.<sup>85</sup> Later projects like Dhamar and Al-Dhala managed to design more advanced community based rural finance approaches such as SCAs in Dhamar and Community Credit Funds in Al-Dhala.

138. Despite the inclusion of these various strategies IFAD financed projects were obliged to depend mainly on a Government Bank (the CACB) as its key partner, which may have not been an appropriate choice.<sup>86</sup> Poor households were said to be reluctant to apply for CACB credit due to their inability to meet the collateral requirements, the high transaction costs, lengthy approval procedures and the inherent reluctance to deal with any institution that is perceived to charge “interest rates” in contradiction to Islamic precepts.<sup>87</sup> Women had little access to CACB credit due to the low ceiling for collateral free loans and the requirement of land collateral for larger loans. Women did not generally own land and, as such, a woman could not fulfil this requirement without the support of their husbands or another male household member. The same was true of sharecroppers who could qualify for a loan only if the landowner was willing to offer his land as collateral.<sup>88</sup> However, IFAD did not have a choice as CACB was the chosen agent of the Government and was the only agency with outreach in rural areas at the time.

139. In terms of rural finance activities the main emphasis in most of the IFAD projects under review has been on the provision of credit in rural areas. Only two projects - Dhamar and Al-Dhala - made provision for enhancing access to saving services.

140. Certain decisions regarding IFAD support to CACB were not optimal. IFAD helped to build several of CACB branches where none existed previously (in Al-Jabeen in Raymah and Sayhut in Al-Mahara). However, these were not located near the commercial centres and as such have limited utility. It is instructive to note that when CACB decided to enhance its operations in Sayhut they opened another branch on the relatively busy main road that served 80 to 100 clients per day whereas the IFAD built branch in the centre of town has a client call of only between 5 to 15 per day.

141. More recent interventions from the second cohort of projects evaluated such as the RALP aimed at working with the fledgling but growing microfinance institutions through the SFD, including collaborating with Microfinance Institutions (MFIs) and village SCAs and building the capacity of the SFD Microfinance Unit. This is an effort to develop microfinance capacity based on ‘best practices’ and to expand the outreach of the MFIs to rural areas. Nevertheless, SFD’s microfinance unit still has a bias towards urban centres. The project plans to develop SCAs at the village level with support from a competent international body in collaboration with local partners with the aim of developing a large number of SCAs applying best industry practices. The project expects that MFIs would handle financial services in the more accessible and densely populated areas while SCAs would mainly be developed for remote, inaccessible and sparsely populated areas. This aligns closely with Government priorities for the sector which seeks to support the microfinance and microenterprise development sectors through the SFD.

142. The rural finance and enterprise development provisions of IFAD’s latest investment project, the EOP, are highly relevant to the current policy and institutional changes regarding the provision of financial services in the country. The Yemen Parliament has recently promulgated a new law governing

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<sup>84</sup> Al-Mahara Rural Development Project. Main Appraisal Report. May 2000. Paragraph 47.

<sup>85</sup> Al-Mahara Project Completion Report.

<sup>86</sup> Despite some successful cases, by and large of government banks in developing countries across all regions have had little success with providing access to rural households and small entrepreneurs.

<sup>87</sup> Project Completion Evaluation. Raymah Project. May 2009 and discussions with potential clients in Al-Mahara during the CPE Mission in October 2010.

<sup>88</sup> Tihama Environmental Protection Project - Interim Evaluation Mission Report. March 2002.

microfinance. Several Microfinance Banks have been established in the country and several Microfinance Institutions are poised for rapid growth in the country. The EOP aims to partner with these newly established MFIs/Banks. It expects to strengthen the sector institutions and assist them in enhancing their range of financial products as well as encourage the development of new diversified financial products such as micro-leasing, micro-insurance and coverage of health and business risk in collaboration with the private sector.

143. The more recent EOP and FIP (third cohort of projects) will also address the pressing need for income diversification in rural areas through the provision of advisory services and training for **microenterprises and off-farm activities**. These initiatives will primarily target interested and entrepreneurial women and young people, who will be identified and selected through a participatory process at community level, led by the EOF's mobilization teams. The development of micro and small enterprises will be driven by the value chain concept and the market. The EOF will try to ensure that trained entrepreneurs have access to adapted financial resources to finance their investments and working capital.

144. The relevance of the portfolio improved on more recent projects (2nd and 3rd cohort) compared to older projects (cohort 1) now completed. The strategy shifted towards addressing the problems of weak institutions, particularly those of local government, and compensating for this by building sustainability through empowering the target group. As well as establishing viable community-based organizations (CBOs), there was increasing emphasis on the training and equipping of community level extension workers (animal health, bee keeping, crop production, environmental protection skills etc.) who, as a result of this, became a valued community resource whose services continue to be paid for. The two latest projects EOP and FIP are highly relevant to government priorities as they address three key priorities identified by the Government of Yemen: to create sustainable pro-poor investments; to introduce a private-sector-led approach; and to establish a public-private partnership (the EOF) to manage development resources and create synergies.

145. Overall, the relevance of the portfolio is rated satisfactory (5), in view of its (a) close alignment with Yemen Government policy, the Yemen COSOPs and the identified needs of the rural poor, and (b) overall sound design, including (in the later projects) full consultation and ownership of the process with communities. They were also consistent with IFAD's regional (NEN) strategy for the decade (2000-2009). However, there were weaknesses with respect to the continuing dependence (particularly in earlier projects) on CACB for micro-credit when evidence pointed to poor performance and, more generally, a tendency towards complexity and over-ambition in the earlier portfolio when the capacities of the PMU and the Government were unlikely to fully achieve the scope of the projects (see performance of partners section).

**Table 5. Yemen CPE. Relevance ratings**

<b>First Cohort</b> (completed projects)	<b>Second cohort</b> (ongoing projects)	<b>Third cohort</b> (approved 2010)	<b>Overall rating</b>
4	5	5	5

### **C. Effectiveness**

146. In assessing effectiveness, the CPE aims to determine the extent to which the objectives of the projects financed in Yemen were achieved. However, instead of providing a project by project account of effectiveness, this section analyses effectiveness according to the main cross-cutting objectives of the portfolio, which include community development and the expansion to access to social services, access to and use of appropriate resources and technology to increase productivity, infrastructure to improve

natural resource management, access to financial services, promotion of off-farm income generating activities and gender equality and women empowerment.<sup>89</sup>

147. IFAD-supported efforts in Yemen to **strengthening community organizations** to plan and manage their own development have overall been effective and produced positive results. Two of the most recent ongoing projects in the second cohort of projects (Al-Dhala and Dhamar) have been particularly successful in creating grassroots organizations. Dhamar has established a robust community mobilization process “that has been actively led by motivated field staff who have successfully mobilized community members to play key roles in linking research and extension to small rural farmers, tenants and sharecroppers”.<sup>90</sup> In Dhamar, following the recommendation by IFAD, the DRDP adopted a selective approach to community mobilization with Community Development Associations being formed in village units where they were likely to succeed, hence focusing on a smaller number of villages. About 50 per cent of the total CDCs supported by IFAD in Yemen were formed in Dhamar. IFAD programme in Yemen has supported a total of 226 CDCs.

148. In another ongoing intervention (CBRIP), the project has enabled village development plans to be gradually incorporated into local government planning and budgeting processes. Completed investments identified in these plans have been handed over to relevant governorate agencies for operation and maintenance or are being managed and operated by local committees on the basis of full cost recovery. The evaluation also notes that the Community Roads Unit has now been fully integrated within the Ministry for Public Works and Highways, mainstreaming the community-based roads development approach, a significant institutional achievement.

149. Community development was less effective in earlier projects from the first cohort - already completed - e.g. SGRDP and RADP. The SGRDP was compromised by a lack of community participation, originally a central component of the project. The abandonment of the grass-roots participatory approach was paralleled by a shift of focus to districts instead of villages and with local councils in lieu of village committees. Initially 25 local communities were identified, but the number of local communities to be included expanded to 100 on their request; the outcome was that the sum set aside for each of the local community projects does not exceed US\$20 per person. The project activities thus became a series of individual community infrastructures spread throughout the four governorates in over 50 districts. The evaluation learned that choices were in some cases influenced by sheikhs, or other powerful district authorities.<sup>91</sup> The extent to which they met community demands was not assessed either by the CPE, PMU or the Project Completion Report (PCR).

150. In RADP the broad based community organizations envisaged at design stage apparently did not materialized either. Beneficiaries’ contribution to the cost of the civil works was less than 6 per cent, while they were expected to contribute around 20 per cent to 30 per cent according to the project design.<sup>92</sup> Only part of the community development approach was implemented in the infrastructure schemes. The reason was that insufficient time or energy was invested in creating a formal organization which could undertake economic and social development in the project area; no plan was delineated on its overall objectives, vision and how to make it operational, and there was a lack of experience of project staff in understanding and implementing a community oriented approach. The highly dispersed nature of the population and the limited experience with community approaches to managing common property, were all limiting factors to community development particularly in this project, but also in general throughout

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<sup>89</sup> Gender equality and women empowerment was addressed as a cross-cutting issue. It was not identified as a specific objective in the projects evaluated.

<sup>90</sup> MTR (2009), Paragraph 17.

<sup>91</sup> Also suggested by the Yemen CPE NEN Assessment, Sept 2010.

<sup>92</sup> Project Performance Review and Implementation Report. RADP. Annex III. Civil Works. Page 6. September 2003.

the portfolio. Moreover, the strong influence of the sheikhs posed specific challenges for a collective approach.<sup>93</sup>

151. The greatest threat to the community organizations comes from the paucity of resources beyond project inputs available to them. In the more successful projects (particularly in the more recent Dhamar, Al-Dhala) IFAD introduced a systematic process to review the progress of community organizations. The introduction of community contracting mechanisms for the construction and maintenance of rural roads, and training community members in the contracting process, has been invaluable experience that enables them to monitor and supervise contractors, as well as participate in the work and earn an income during construction (CBRIP, DPRDP). The inclusion of micro-projects, mostly infrastructure, has played a key role as entry points which raised community interest in project activities. Eventually it also helped to persuade people of the importance of building local capacities to develop an economically viable services sector at community level (e.g. paravets, bee keeping, agriculture and environmental extensionists).

152. The conversion of the CDCs into associations (notably in Al-Mahara and Dhamar) has produced a qualitative leap in the lives of the members of the local associations involved in these projects. Aided by the project, these associations have been registered with the offices of the Ministry of Social Affairs and Labour, giving them some access to support from the Ministry. It also allows them - as entities legally recognized by the state - to hold contacts with others, specifically donors.

153. The initial targeting and selection criteria for projects have been based on socio-economic data gathered at district levels. However, despite the effective use of PRA techniques, the projects themselves have not been sufficiently adaptable to address the needs of the very poor as they arise. In part, this may be because projects lack an ongoing qualitative analysis of trends within rural communities. It is also because the timeline of most projects have in some cases extended as much as ten years between appraisal and completion, yet the selection criteria remained 'frozen' at the point of appraisal.

154. The most advanced project methods have been adopted in the ongoing Al-Dhala project. Once the initial geographic targeting was completed, a three year agreement ensues with a village unit (average 300 families/unit). Before accessing project funds and facilities, the associations had to be registered, and a Memorandum of Understanding signed between the project, the association, the local council and the Ministry of Social Affairs and Labour. Although the hierarchy within associations is invariably men, 20 per cent of project activity was reserved for women only. Up to a maximum of US\$100,000 was assigned to each village, and the association was expected not only to prioritise sub-projects, but also to present an annual strategic plan for all village unit activities (not just the project).

155. As far as **community infrastructure**, targets have been overall achieved and in most cases both the design and quality of the projects is generally good. Some exceptions have been outlined above in sections 132-135. The projects have built for example a total of 52 community water cisterns, 3,827 private water harvesting tanks, 247 drinking water schemes, 121 schools and 61 women centres (appendix 10). On the other hand, the evaluation found that in several cases operation and maintenance of community subprojects is weak. Even though this is supposed to be part of the exit strategy, the setting up of O&M units - including book keeping systems - side by side with the physical implementation of the subprojects is still not happening in some cases.

156. In some cases (e.g. in Al-Dhala) the evaluation noted that only relatively better off people are benefiting from the huge water harvesting investment for household consumption being constructed. Upon enquiring why this was, the evaluation was informed that poor people cannot afford the significant contribution expected from their side that exceeds 50 per cent from the total cost of the scheme.

157. In terms of **gender equality and women empowerment** the Tihama Project was the first to introduce training of women animal health workers. In the Southern Governorates Project no specific

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<sup>93</sup> Project Performance Review, *ibid.*

objectives were outlined for women, but women participated in the training programmes and their priorities were reflected in the choice of community projects. The Raymah Project has had some success in involving women through the establishment of five women centres, training 37 Female Extension Intermediaries, and about 740 women attending literacy classes. In Raymah the long-term sustainability of these activities has not always been guaranteed. Agricultural extension workers were subject to delays in salaries and equipment, and the scheme ceased to operate in 2006. By contrast, where veterinary officers were able to set themselves up as private operators, this has proved successful.<sup>94</sup>

158. The Al-Mahara Project has produced significant results including: the establishment of 39 women CDCs; the organization of literacy programmes, vocational and technical training, capacity building and advocacy campaigns; the establishment of income generating subprojects and multipurpose women centres; and support to the conversion of CDCs into Women Development Associations. The total number of women benefiting directly from these gender-specific interventions has been about 14,782.

159. Also in the Al-Mahara and Raymah projects, and later Dhamar, Al-Dhala and RALP, the composition of the project teams of community development workers was carefully selected to ensure a balance between males and females. Attention was given to training team members to enhance their performance and abilities to influence both male and female project beneficiaries in the various local communities.

160. The Dhamar project demonstrated particular sensitivity to gender and is already achieving important results such as: providing literacy training at elementary level for 6,546 women and start of second year training for 2,850 women; introducing a participatory extension methodology based on the selection of 244 men and 94 women extension agents from the communities in the village; and creating 140 women's Savings & Credit groups.

161. On the other hand across the portfolio the under-performance of the micro-credit components in general, and for women in particular have negatively affected objectives established for women.

162. IFAD's support to the **agricultural sector** aimed at increasing farm productivity as a key objective of all projects (with the exception of the CBRIP, focused on rural roads). The effectiveness of IFAD projects in achieving this objective has been variable; the more recent projects having a better record in this respect. Physical isolation, rugged landscape, a harsh climate, scattered resource base and dispersed population posed obvious constraints to the projects' efforts on increasing productivity. The long distances to reach communities also absorbed a great deal of staff project time, reducing follow-up visits and timely interaction with communities.

163. Most of the IFAD-funded projects included **crop improvement components** - high yielding varieties of cereals and legumes combined with improved production technologies, including irrigation systems - which have contributed to increase productivity. These were implemented by AREA through on-farm trials followed by demonstration of improved varieties of sorghum, maize, wheat, barley, legumes, vegetables and fruits, as well as technologies by the extension department. There has been however limited farmer-to-farmer exchange of seeds from demonstration plots and poor linkages to the seed industry itself to induce demand. Irrigation has contributed to saved up to 50 per cent of aquifer water use and cut irrigation time by two-thirds. On the other hand it is relatively expensive in some cases depending on returns of each crop<sup>95</sup> and unlikely to be adopted by poorer farmers under some of the current projects. Demonstrations of piped or drip irrigation systems in Dhamar and Al-Dhala have been laid out in many cases on better off farmer's fields. Poorer farmers were unwilling to take the risks involved in such a large investment.

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<sup>94</sup> RADP Completion Evaluation, March 2010.

<sup>95</sup> For example, high value crops targeted by EOP are more likely to justify the investment.

164. IFAD's supported efforts to improve access **to extension advice and train farmers** has paid off. In particular the training of a large number of male and female paravets at community level has been very successful. The majority of trained paravets are now self-employed, provide service round the clock and are self-sustaining. In Al-Mahara, 44 community paravets were trained and equipped; animal husbandry services provided are estimated to have directly or indirectly benefited about 1,500 households. Likewise in Dhamar some 4,185 households were served by 64 male and 103 female animal health workers.

165. IFAD's support towards **building physical assets** in the agriculture/NRM components of its projects was an opportunity for MAI, to benefit from new or rehabilitated agricultural extension office buildings, various laboratory building, and plant quarantine buildings. Despite this important result, the evaluation found, however, that their utility was compromised by the Government's macro-economic difficulties that resulted, in several places, in a lack of cofinanced investment by the Government, including adequate furnishing, provision of needed equipment and staff continuity. For example, in the recently-closed Al-Mahara project the evaluation visited a quarantine centre and veterinary centre which were built and equipped with project funds, yet are under-utilised for these reasons.

166. Apiculture development has been an important component of RADP, AMRDP, DPRDP and ADCRMP and RALP aiming at **diversification of agriculture production**. In all these projects a large number of beekeepers have been trained in improved production technologies and beekeepers associations have been organized. The trained beekeepers were provided with improved modern beehives to increase their productivity. In Al-Dhala substantial efforts are now under way to develop apiculture into an industry, including training of beekeepers in improved production and processing technologies. Manually operated improved honey extractors have been introduced which are locally produced. 1,250 beekeepers have benefited through training and provision of modern beehives and beekeeping tools like smokers, facial nets and gloves and improved honey extraction gadgets, 116 women were assisted for establishing of apiaries under microenterprise development programme. The project is in the process of establishing a honey bee queen rearing station and a honey bee disease control laboratory in Al-Dhala. There is a large component of apiculture development in the EOP.

167. In Dhamar, which is piloting activities to be scaled up by the EOP, a **coffee marketing association** with 400 members in Utmah District have been registered. This marketing association presently facilitates the collective marketing of coffee beans of individual farmers. The next stage in developing the value chain is (in short) to improve marketing channels and facilities and build a public-private partnership that enables small as well as large farmers and traders to participate.

168. As far as **fisheries**, in Al-Mahara and Southern Governorates individual subproject successes include fish landing and auction houses with evidence of improved income over time. The number of artisanal fishing boats has increased since the start of the project from 1,800 to 2,965 boats during the period 2000-2008 and the total number of direct beneficiaries increased from 7,200 to 11,860 households. The gross value of the average fish landing per boat shows a threefold increase in total revenues (from US\$3,075 in 2000 to US\$12,500 in 2007), and a wider distribution among the fishery communities.<sup>96</sup> The establishment of an ice plant at Qeshen in Al-Mahara Governorate is a good example of private sector/project participatory investment. With the availability of ice, marketing of fish to distant markets has become possible and spoilage losses reduced substantially. Scaling up such initiatives will depend on increased credit facilities and robust market outlets expected to be introduced through the FIP.

169. One project, the SGRDP, included a **land development** component aimed at providing land to farmers who had been expelled from nationalized land that they were occupying when the Government approved a new policy to return nationalized lands to former owners. The Government was unable to prevail over the disputes and could not deliver the lands. The land crisis led to the continuous restructuring of the component until it finally down-sized to establishing only 236 farm families in 20 farm units on 1,160 feddans, equivalent to 12 per cent of the original designed target of 1,450 farm

<sup>96</sup> Al- Mahara Project Completion Report (PCR) 2010.

families.<sup>97</sup> Despite the limited achievement failure of the land component, the redistribution of project funds to other activities such as spate irrigation, erosion control and flood protecting works, and rural roads reached some important results.

170. As far as the effectiveness of **physical infrastructure to improve productive activities and natural resources management** most projects have succeeded in the implementation of their targets. Exceptions are the incomplete Bait al Fagih Al-Hadia road in Raymah and the inability of the Government to provide the land required for the Southern Governorates project. The RALP project is still undertaking studies and design of community infrastructure such as water harvesting, terrace rehabilitation at intercommunity level and pilot “watershed management” subprojects at governorate level.

171. **Roads** in particular have been crucial in opening isolated areas to markets and reducing household costs in many ways. The impressive Government road building programme of the last decade has helped make the IFAD-funded tertiary road building components of its projects all the more viable. The CBRIP demonstrates a well-planned linkage with the much larger multi-donor-funded Rural Access Programme (RAP).<sup>98</sup> However, CBRIP was unlikely to achieve its target with the time allocated. There were delays caused by initial mistrust between the RAP and CBRIP management. Understandably, there were reservations expressed by RAP over the usefulness of community-based contracting in CBRIP because costs were higher than expected and only 24 sub-projects were initiated from late 2009 to mid-2010.

172. The CBRIP has been extended by 2 years, the new completion and closing dates are 30 March 2013 and 30 September 2013 respectively. The project has now fully met its appraisal targets with respect to number and length of roads to be constructed. The Community Roads Unit has been transferred from the RAP into the MPWH, mainstreaming the community-based roads development approach and ensuring its long term sustainability as a central feature of the overall framework for development of the rural roads network.

173. Not all 23 **small dam** subprojects were successful, especially those implemented in RADP, but also in DPRDP. In RADP out of 9 small dams, one of the four visited was found leaking. Also one dam subproject implemented by DPRDP (out of 14) visited by the evaluation is leaking.<sup>99</sup> Most of dam subprojects in RADP are badly designed because they are either leaking due to improper geological site investigation and treatment or for improper sedimentation prevention design. Other factors include lower standard of dam construction of local contractors and insufficient or ineffective engineering supervision of works.<sup>100</sup> Site selection is the key issue which determines the effectiveness of a small dam.

174. Despite the importance highlighted in COSOPs of investment in surface water and environmental structures in view of Yemen’s severe water scarcity relatively few interventions have been made regarding water for agriculture development such as water harvesting cisterns to provide complementary irrigation (see appendix 10). These are, however, planned in the EOP. Equally limited attention has been given in investments on terraces rehabilitation, wadi bank protection, and traditional spate irrigation, despite the fact that such types of structures – both upstream and downstream valleys – have a great impact in the agricultural potential for poor people.

175. The TEPP, completed in 2003, had a strong component of enhancing on-farm productivity through **land protection** and soil conservation and was able to protect about 4,000 ha of agricultural land from sand dunes, benefiting some 12,000 households. The introduction of exotic plant species from Australia

<sup>97</sup> Southern Governorates Rural Development Project (SGRDP) PCR, May 2006.

<sup>98</sup> RAP is a multi-donor financed project specialized in 2<sup>nd</sup> and 3<sup>rd</sup> level asphaltic rural roads that links governorates with its districts.

<sup>99</sup> Krif Dam, Madinat Al-Shariq, Dhamar.

<sup>100</sup> YEMEN CPE. Infrastructure Working Paper.

to protect the sand dunes was not successful, but the local plant species fared much better, establishing themselves under a very harsh environment. After the completion of the project, the supervision and management of the plantations and irrigation systems were supported by the Government through the Tihama Development Authority. This now has no further government funds and since the communities were not trained or organized to take over the management of the protected area, the future of these facilities is under threat.

176. In the last fifteen years the effectiveness of IFAD financed projects in the provision of **rural finance** has been poor, though improvements are now apparent in Dhamar and Al-Dhala. Targets with respect to the number of loans and the amount of loans to be disbursed were not achieved in any of the completed IFAD projects. The projects disbursed loans valued at US\$4.165 million (31 per cent of the total amount of funds provided for lines of credit worth US\$13.37 million) to 3,723 clients (6 per cent of the planned targets of 58,867 clients in terms of outreach). The average loan was of US\$1,119 per borrower. Repayment rates ranged from 31 per cent to 64 per cent.<sup>101</sup>

177. Achievements have ranged between 0 to 85 per cent in terms of the loan amounts disbursed and have been even more modest in terms of the number of loans disbursed. Placing this in a wider context, Yemen has the lowest bank penetration rates in the region. Table 6 below gives a summary of the four completed projects. Only 6 per cent of the households in the Tihama project area obtained loans from CACB. In the Southern Governorates the rural finance component was not really implemented at all, apart from a few loans which the project staff tried to disburse on their own but then stopped. The Raymah project did not succeed in providing rural financial services to the rural households in the project area to any significant degree or in any sustainable manner. It did not reach the 10 per cent of landowning farmers which was given as an indicator of its success. Less than 1 per cent of the farmers in the project area received financing during the project period.<sup>102</sup>

**Table 6. Achievement of SAR Targets**

No	Project	No of Loans Disbursed as (per cent) of SAR	Loan Amount Disbursed as (per cent) of SAR
1.	Tihama Environment Protection Project (TEPP)	15	85
2.	Southern Governorates Rural Development project (SGRDP)	0	0
3.	Raymah Area Development Project (RADP)	3	50
4.	Al-Mahara Rural Development Project (AMRDP)	21	34

178. In the three ongoing projects - Dhamar, Al-Dhala and RALP - the rural finance components have not become fully operational although, in the Yemen context, excellent progress has been made in Dhamar and Al-Dhala regarding the establishment of community based savings and credit groups for women. In these projects loans given are through the internal lending of savings generated by the participating communities and supplemented by project grants. They are much smaller than the CACB average loans as they are provided from the community member's own funds.

179. In Al-Dhala, the rural finance subcomponent was to be contracted out, but no agency was found and following the project's Mid-Term Review (October 2010) the decision was made to reallocate funding for this component to other activities. Likewise, RALP is still trying to operationalize its strategy for providing access to rural households and has not yet started the provision of services to the IFAD target households.

<sup>101</sup> These figures were estimated by the evaluation team using the latest information available with CACB.

<sup>102</sup> Assuming that there were 48,000 households in the project area.

180. In terms of savings, IFAD has made access to savings possible for 5,854 clients (households of up to 45,000 people) through the Dhamar (DPRDP) and Al-Dhala (ADCRP) projects, mainly through the establishment of local community level mechanisms for group savings. About 188 community based groups and credit committees have been established by the two ongoing IFAD projects.

181. A key problem in the implementation of the rural finance components of the various projects has been the difficulty that IFAD has faced in finding a suitable partner with the capacity and commitment to provide cost-effective financial services in its project areas. To be fair, its choices have been limited, as already explained in the relevance section. While IFAD has, over the years, tried to promote a range of financial institutions, models and delivery channels the sector has been slow to grow. CACB was chosen as its main partner because the Government (borrower) demanded it. Most of the projects in which it was involved started with a delay of more than two years and in some projects like the Southern Governorates Project, CACB was expected to provide funds but this did not happen. CACB does not have an effective mechanism for disbursing credit cost-effectively to rural areas, and whenever it has disbursed rural credit, it has frequently struggled to recover outstanding dues. Even when the group loan methodology was prescribed to reduce its costs and manage its risks, the groups never materialized. Now that the CACB has restructured and become commercially oriented it is unwilling to subsidize the interest rates on any future loans and is also unwilling to assume the entire risk of lending to rural areas.

182. IFAD has also tried to involve partners like the SFD, initially with SGRDP and more recently with RALP. However, the rural finance component of this project has been slow to get off the ground because of the limited outreach of MFIs in rural areas. The new country programme (EOP, FIP, YI-REP) will work with MFIs, commercial banks and other financial service providers, offering a wider range of financial products and hopes to overcome many of the past difficulties experienced in implementing rural finance activities.

183. The paucity of monitoring data makes it difficult to gauge effectiveness in terms of targeting the poorest households. Project documents and field visits report that most of the loans have gone to poor households. Few loans have reached women in the earlier projects in part because of lack of an effective outreach strategy for women. However, the two ongoing projects Dhamar and Al-Dhala have established an excellent record of outreach to the poorest households as well as women. This suggests that community managed systems of savings and credit are much more effective in targeting the poor households than formal financial institutions.

184. As far as investments for encouraging **off-farm income generation and microenterprises** are concerned, a large number of men and women have been trained under different projects. All types of training of very different duration and nature are generally reported together. The projects under review provided various types of vocational training, business and home economic skills to 3,211 men and 5,780 women. The Southern Governorates Project trained 2,340 women and 1,170 men in different technical and vocational skills and supported them in establishing new enterprises, strengthening of existing ones and prepared women and youth for the labour market.<sup>103</sup> In Raymah training was provided to 464 women in handicraft production and 464 in food processing. The Dhamar and Al-Dhala projects are providing vocational training to men in various vocations such as plumbing, carpentry, electrician, auto-mechanic and literacy training for women and assisting them in better management of their community based SCAs and groups. The TEPP project provided midwifery training to 50 women.

185. **Monitoring and evaluation** has been weak in earlier projects, with more recent ones showing improvements, even though M&E systems at project level are still not fully capable of capturing the results and impact of IFAD interventions. In addition M&E processes were quite often disconnected from overall project management.

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<sup>103</sup> Ibid.

186. In earlier projects, monitoring data was largely used as numerical reporting data rather than as a tool to change procedures on the ground. In some cases (SGRDP) the project suffered from a complete absence of M&E despite recommendations from the supervision missions and IFAD Mid-Term Review (MTR). Weak M&E can be attributed in several cases to understaffing of the M&E unit along with limited or no training. In general, M&E has improved substantially in recent years. In Al-Dhala for example project staff actively uses M&E information for planning as well as reporting. In CBRIP, a specific component is dedicated to capacity building on M&E. RIMS surveys were implemented in Dhamar and Al-Dhala projects.

187. In sum, the effectiveness of ongoing projects (second cohort) shows improvement compared to effectiveness of completed projects approved in late 1990s. This can be attributed to improvements in design as lessons from older projects were incorporated in the second cohort, combined with improvements in the performance of both IFAD and the Government of Yemen (see section V on performance of partners), which resulted in better project management, strengthened implementation support and expedited availability of funding.

188. Overall, the effectiveness of the portfolio is rated moderately satisfactory (4). Projects have positive results in strengthening of community organizations and facilitating access to social services, contributed to increases in agriculture productivity and diversification of production, and promotion of gender equality. On the other hand the provision of rural services, a key constraint for the rural poor has been quite limited. Effectiveness of four more recent ongoing projects is in the satisfactory zone.

**Table 7. Yemen CPE. Effectiveness ratings**

<b>First Cohort</b> (completed projects)	<b>Second cohort</b> (ongoing projects)	<b>Overall rating</b>
3	5	4

#### **D. Efficiency**

189. The assessment of efficiency considers how economically resources have been used in order to achieve results. To guide this assessment, efficiency will be looked at from two dimensions: implementation efficiency, referring to the time for the loan to become effective, time overrun and the project disbursement performance, and economic efficiency, referring to cost ratios of inputs/outputs, costs per beneficiary and administrative costs.

190. The Government and IFAD have for long time been concerned about slow pace of project approval and implementation in Yemen. Slow implementation resulted in projects having to be extended, affecting the efficient use of resources by increasing costs for inflation and higher staff costs.

191. Typically, it takes an average of one year and a half for IFAD-assisted projects and programmes (across all regions) to achieve effectiveness and an additional six months to start disbursing. In Yemen, in the case of TEPP, it took over three years, while three other projects (DPRDP, ADCRMP and CBRIP) required over two years to achieve effectiveness. Obtaining Yemen Parliamentary approval was a key cause of delay in TEPP (31.5 months) and Al-Dhala (29.6 months). Problems inherent to PMU management (slow procurement, slow recruitment, etc.) were particularly apparent in Al-Mahara and CBRIP. And the Dhamar and Al-Mahara projects faced delays caused by the failure of planned cofinancing to materialize. In each of the above cases, the project completion date had to be extended and/or re-costed as a result of the delays. Appendix 9 presents data on time spent between approval and implementation for all projects being evaluated.

192. Following the introduction of the project at risk methodology in 2004, three of the four ongoing projects at the time (RADP, AMRDP, and DPRDP) were classified as Actual Problem Projects for

either “implementation progress”, “achievement of development objectives” or both, mainly as a consequence of the above mentioned delays. This suboptimal performance of the IFAD portfolio in the country resulted in a low rating under PBAS and consequently had a negative effect on Yemen’s share in IFAD resources. The classification of these projects as Actual Problem projects extended for three years for RADP and two years for AMRDP and DRPD. The classification of projects improved drastically as of 2007 as a result of the active involvement of the Yemeni authorities and IFAD to resolve the problems faced by the projects. In the last three years all ongoing projects have been classified as Projects not at risk (except RADP in 2008).

193. Yemen is now eligible for 100 per cent grants,<sup>104</sup> which are not subject to Parliamentary approval. However, institutional and capacity constraints – particularly those relating to budget shortfalls in local government – are expected to continue. One way to avoid delays in implementation is to have capable, experienced and autonomous PMUs such as those in Dhamar and Al-Dhala in recent years. The establishment of the EOF should also contribute to overcoming institutional and capacity constraints.

194. The portfolio also faced efficiency losses due to untimely provision of funds from all sources for IFAD operations. Cofinancing committed at design did not materialize in four projects (TEPP, RADP, AMRDP and DPRDP) requiring significant restructuring during the project life (major downscaling of the project).<sup>105</sup> In DRDP the MTR notes that because the envisaged cofinancing did not materialize (resulting in a financing gap of US\$6.6 million), the project was characterized by a significant initial reduction in the scope and volume of activities and in the number of targeted villages and households. This was corrected in December 2009 through incremental IFAD funding of US\$7.5 million. Moreover, delayed availability of counterpart funds also contributed negatively to the smooth and efficient implementation of projects in the portfolio.

195. The allocation of funds to project management for the interventions varies between 4 per cent and 15 per cent of total project costs. The rate of 4 per cent has been achieved by CBRIP due to the innovative management arrangements and the fact that this is a one-activity project. The project is using the Rural Access Programme for its implementation; a programme under the MPWH.

196. The rural finance component in most projects started with a considerable time lag. In cases where CACB was chosen as the principal partner, there were delays of at least two years. The partnership with SFD did not fare much better; in Southern Governorates there was no firm arrangement with SFD and in RALP SFD is still struggling to find an appropriate approach for the provision of the rural financial services. However, where the PMU itself exerted greater control, such as in Dhamar and Al-Dhala, the delays have been less. Table 8 below captures delays in the start of credit activities in the various projects under review.

**Table 8. Start of Credit Activities after Loan Effectiveness**

	<b>Project</b>	<b>No of years delay</b>
1.	Tihama Environment Protection Project (TEPP)	3.5
2.	Southern Governorates Rural Development project (SGRDP)	Not Signed
3.	Raymah Area Development Project (RADP)	2
4.	Al-Mahara Rural Development Project (AMRDP)	2.5
5.	Dhamar Participatory Rural Development Project (DPRDP)	CACB not signed. SCAs
6.	Al-Dhala Community Resource Management Project (ADCRMP)	1 year for CCFs 3.8 Years CACB
7.	Community-Based Rural Infrastructure Project for Highland Areas (CBRIP)	NA
8.	Rain-fed and Agriculture Livestock Project (RALP)	1.8 years
9.	Economic Opportunities Programme (EOP)	

<sup>104</sup> See section III, B.

<sup>105</sup> This issue is also acknowledged in NEN self-assessment.

197. Supervision Mission reports repeatedly urged CACB to improve disbursements of loans, review its loan eligibility criteria, increase the ceiling for collateral free loans, and employ female credit officers.<sup>106</sup> Above all, the transaction costs for clients were unacceptably high, including repeated visits to the bank for loans that required a great deal of collateral, multiple guarantors and evidence of previous financial dealings. It was estimated to be as high as YER 30,000 for a loan of YER 200,000 - about 15 per cent.<sup>107</sup>

198. At the same time, administrative charges were kept below inflation for most years – from 9-11 per cent only – in accordance with government policy to subsidize the agricultural sector. With low repayment rates (from 31 per cent to 64 per cent<sup>108</sup>) and low administrative rates, CACB was losing money. The total amount of funds lost by CACB in three IFAD project was US\$1.87 million or close to 47 per cent of the funds which were provided as loans to it through IFAD.<sup>109</sup> However, above all CACB has been unable to develop financial products or an effective system of appraisal, risk assessment and loan recovery for the provision of financial services to rural areas. It generally issued only large loans and did not require its repayments until the end of one year or more. The tough physical environment and the widely dispersed nature of the settlements also encouraged default as clients understood the high costs and difficulty of being tracked by CACB.

199. As far as infrastructure the projects have implemented relatively cost-efficient works. IFAD-financed civil works tends to be in more remote areas and therefore relatively more costly compared the two main specialized government programmes supporting infrastructure, the PWP and SFD. Cost differences can also be explained by efficiencies in scale, more appropriate use of local materials, experience and traditional design, as well as more efficient internal procedures.

200. For example, the average cost per capita of road subprojects is US\$50 in comparison to US\$29 and US\$24 and of SFD and PWP respectively (refer to table 9). Cost per Km is US\$39,048 in comparison to US\$12,922 of SFD.

**Table 9. Cost of Roads**

Type of Infra	TEPP	SGRDP	RADP	AMRDP	DPRDP	CBRIP	Av	SFD <sup>110</sup>	PWP
<b>Roads (No.)</b>		<b>14</b>	<b>4</b>	<b>9</b>	<b>4</b>	<b>25</b>		<b>128</b>	<b>189</b>
<b>Roads Km</b>	<b>264</b>	<b>70</b>	<b>16.9</b>	<b>12.6</b>	<b>16.5</b>	<b>189.5</b>		<b>1543</b>	
<b>Beneficiaries</b>	<b>0</b>	<b>67000</b>	<b>13695</b>	<b>11728</b>	<b>9408</b>	<b>203743</b>		<b>707255</b>	<b>1152148</b>
<b>Cost (US\$)</b>	<b>Cost included in the green belt cost</b>	<b>3380512</b>		<b>700518</b>	<b>360293</b>	<b>6400564</b>		<b>19938777</b>	<b>32297119</b>
<b>Cost per Capita (US\$)</b>		<b>50</b>	<b>44</b>	<b>60</b>	<b>38</b>	<b>31.4</b>	<b>50</b>	<b>29</b>	<b>24</b>
<b>Cost per Km (US\$)</b>		<b>48293</b>	<b>35742</b>	<b>55597</b>	<b>21836</b>	<b>98552</b>	<b>39048</b>	<b>12922</b>	
<b>Cost per M2 of dry stone bitching works</b>						<b>10</b>			<b>12</b>
<b>Cost per M2 of stone bitching works</b>				<b>27</b>				<b>29</b>	<b>24</b>

<sup>106</sup> Mid-Term Review of Tihama and Supervision Mission of Raymah and Al-Mahara.

<sup>107</sup> Mid-Term Review of Tihama.

<sup>108</sup> These figures were estimated by the evaluation team using the latest information available with CACB.

<sup>109</sup> This estimation of losses has been made based on the latest figures supplied by CACB to the CPE mission in October 2010 and is confirmed by the Bank.

<sup>110</sup> Ref. SFD MIS for road subprojects that implemented between 2005 to Nov. 2010.

201. One indicator of efficiency, assuming that the benefits have been achieved to a reasonable degree, is cost per beneficiary family of the project or programme operations. For TEPP and AMRDP, final figures are available, ranging from US\$975 to US\$1,860 per beneficiary family assuming an average household of five or six people. Figures for DPRDP, CBRIP and RALP are available, but given that the interventions are still ongoing, they must be considered as tentative and indicative. For DPRDP, the planned cost per beneficiary at appraisal was estimated at US\$53 while the assessment at mid-2010 estimates a cost per beneficiary of US\$162. The currently estimated loan cost per beneficiary for CBRIP is US\$48 significantly (lower compared to US\$35 at appraisal). The total loan cost for RALP, for IFAD disbursements only, is estimated at appraisal at US\$90, though this does not take into account co-financing from World Bank and SFD. The estimated cost/beneficiary across all projects for community development is roughly US\$120, making it lower than the equivalent projects supported by the Social Fund for Development or PWP (US\$135-178).

202. Overall, the efficiency of the portfolio is rated moderately unsatisfactory (3), despite signs of improvement in the more recent ongoing projects. The cost per beneficiary in IFAD community development projects was lower than government projects while unit costs were slightly higher in IFAD infrastructure projects. Project management costs were kept at a low range (4-15 per cent). On the other hand there were substantial losses incurred by CACB and weaknesses in the management of risks pertaining to community credit groups. Efficiency was also affected by approval and implementation delays in earlier projects and low disbursement of national counterpart funds.

**Table 10. Yemen CPE. Efficiency ratings**

<b>First Cohort</b> (completed projects)	<b>Second cohort</b> (ongoing projects)	<b>Overall rating</b>
3	4	3

## **E. Rural Poverty Impact**

### **Household Income and Assets**

203. For the assessment of impact on household income and assets the evaluation relied primarily on PCRs, focus group discussions and (in the case of Dhamar) an independent impact assessment undertaken as part of the study. Most project reporting data consisted of outputs in the form of number of beneficiaries, land usage, etc. Where income data exists, it is usually 'typical case' data. For example, the SGRDP reports that of the 236 land beneficiaries within the project, income ranges from US\$1,200-4,000, and individuals reported an increase in income over the project period. Similarly, the Tihama project itself provided thousands of days labour for local land owners, sharecroppers and landless people, but no data is provided on overall poverty reduction.

204. Despite this limitation, significant income benefits can be inferred from project data, though direct attribution is difficult to demonstrate. The PCR for Al-Mahara shows the average fish landing per boat increasing from US\$3,075 to US\$12,500 from 2000-2007. New refrigeration facilities will have contributed to this, as well boat maintenance shops opened by trained project beneficiaries. Male paravets in Al-Mahara now earn an average of 1,200 YER/day, a direct outcome of the project. Similarly, farmers receiving improved beehives in Dhamar reported to the evaluation team that honey production has increased four-fold, and the average income of trained female paravets is now 5,000 YER/month.

205. In October 2010 a Performance Assessment of DPRDP (Dhamar) was carried out as an adjunct to the main evaluation.<sup>111</sup> A total of 290 households were selected from the project area and another 290 from non-project areas for comparison. Some of the best results in the project area were from pasture management activities (guidance on grazing, terracing, tree growing, livestock and veterinary work) and

<sup>111</sup> Interaction in Development (for IFAD): Special Performance Assessment of DPRDP, Republic of Yemen, November 2010.

on knowledge dissemination. The survey revealed no statistically significant difference of average monthly incomes between the two areas; yet those in the project area reported an improvement in household assets as a result of project interventions. It also showed that crop production and diversity had increased to a greater extent in the project area; yet at the same time there was no statistically significant difference between the two areas in respect of food shortages experienced over the previous 12 months.

206. As far as financial assets, about 3,450 people received loans from CACB or from savings and credit groups established by IFAD projects over the last 15 years. The total amount of funds lent by the end of September 2010 was US\$4,165 million. Of these loans, about 27 per cent have been provided to women but these were relatively smaller loans, so in terms of the volume of lending only 10 per cent of the total amount has been provided to women. There is a wide variation in the average loan size provided by CACB and in the community based groups. The average loan size of CACB is US\$1,357 while the community based groups have provided average loans of US\$166 only. In addition, 5,854 people have initiated savings at village level mainly through the savings schemes launched by the Dhamar and Al-Dhala projects. About 89 per cent of the savers are women illustrating the generally accepted finding that women are more interested in savings services compared with credit services. The total amount of savings is US\$4,213,488<sup>112</sup> and the average amount saved per member by the end of September 2010 was US\$36.

207. Table 11 shows the amount of loans per sector (or subproject), and as a percentage of the total. The high demand for fisheries loans were generated mostly by the Al-Mahara project. Few loans were made in the agriculture sector.<sup>113</sup> Women have tended to borrow for two main purposes; livestock and small enterprise development. Particularly popular among women is the purchase of goats and selling the offspring as the need arises.

**Table 11. Volume of lending by Purpose**

	Amount (US\$)	Share (%)
<b>Agriculture</b>	281,079	7.00
<b>Livestock</b>	759,931	19.00
<b>Fisheries</b>	1,449,862	36.00
<b>Irrigation</b>	509,778	12.00
<b>Orchards</b>	520,767	13.00
<b>Land Reclamation</b>	328,506	8.00
<b>Enterprise</b>	315,522	5.00
	4,165,446	

208. The impact of loans on household income and assets varies significantly. Under the Al-Mahara project a majority of the loans were used to purchase engines for motor boats, with the immediate impact of doubling or trebling their share in the daily fish catch. Fishermen report between 3,000 to 30,000 YER per day on good days. Enterprise development loans are more difficult to trace in terms of impact. The evaluation observed three cases where there was a lack of proper record keeping, poor inventory management and lack of ability to clearly identify the returns from the business. Income is often also seasonal. In the Dhamar and Al-Dhala projects, loans were provided to women through Savings and Credit Groups that were used to establish, for instance, gas cylinder shops as a collective initiative. On average women sell about nine cylinders per day and can make a profit of about YER 30,000 per month.

<sup>112</sup> The Dhamar Project is reporting only cumulative savings over the years and has not yet devised a way to deduct withdrawals from these amounts. This tends to overstate the current savings. This point was discussed with Project Management which agreed to find a way to deduct withdrawals from this amount in future reports.

<sup>113</sup> Loans for any aspect of the qat industry are not eligible for IFAD loans, though the evaluation notes that farmers' investments in this crop have increased over the past five years.

Women who have opened small shops where they sell items of daily use or shops which specialise in women's clothes and accessories reported gross incomes between YER 30,000 to 70,000 per month.<sup>114</sup>

209. In Tihama and Raymah about 1,067 loans were provided for investments in agriculture production, terrace rehabilitation, orchards and small-scale irrigation investments. However, in the absence of data and the monitoring of loan use, existing evaluation reports of the two projects are unable to verify a significant impact on incomes and assets as a result of these activities.

210. Training in vocational skills has helped landless and unemployed youth earn an income at home or nearby, rather than being exclusively dependent on casual unskilled labour in the country's major cities (SGRDP, AMRDP, and DPRDP). The new skills have enabled them to earn a higher daily income and sometimes obtain long-term employment.

### **Human and Social Capital and Empowerment**

211. The creation, strengthening and registration of representative community organizations are a hallmark of IFAD operations in the country. Training and capacity building has been combined with community-driven physical and social subprojects, in most cases improving the level of human and social capital in these communities. Across all projects, a total of 1,297 women and 2,801 men were trained in community development. A total of 421 women and 898 men were trained as village extension agents. Moreover, a large number of women (11,019) and to a lesser extent men (2,960) were trained in vocational skills. Strengthened social capital is evidenced by the increased role of some CDCs which are now being effective lobbying platforms for communities to secure services from government or NGOs.

212. In Dhamar a participatory extension methodology based on men and women extension agents from the communities of the village units have been implemented. Training received in participatory planning, gender, crop and livestock husbandry, simple animal health management and treatment, bee-keeping, environmental management and other related extension topics have contributed to increase human capital in the communities.

### **Food Security and Agricultural Productivity**

213. Over 15 years IFAD has funded on-farm trials, crop demonstrations and farmer-to-farmer improved seed exchange. These activities, along with improved soil and water management are expected to have contributed to increase productivity of small farmers having less than 0.5 hectares of rain-fed land, even though limited data is available on this regard. At a national level the average per hectare yields of cereal crop has remained roughly stable over the last 10 years.<sup>115</sup> In Yemen as a whole, as well as within IFAD projects, the availability of high yielding seed varieties provided to farmers is a key factor for increasing productivity. There is a need for the development of a stronger seed industry for cereal crops in the country.

214. The in-depth survey in Dhamar that was undertaken as part of this evaluation noted that of those who own agricultural land (29% of those surveyed), the IFAD project has offered ideas for diversifying income, including improved seeds and new technology. Most of those who adopted the new technology reported that production has increased as a result.<sup>116</sup>

215. The same survey noted no significant difference in problems over food security in the last 12 months between the project area and the 'control' (i.e. non-project) area. Project benefits appear to have been acquired assets rather than an increase in household food consumption as such.<sup>117</sup>

<sup>114</sup> Discussions with Women's Group by the Evaluation Mission.

<sup>115</sup> <http://data.worldbank.org/country/yemen-republic>

<sup>116</sup> Interaction in Development, *ibid.*

<sup>117</sup> Interaction in Development, *ibid.*

## Natural Resources and the Environment

216. With the effects of climate change becoming noticeable in Yemen, the NEN self-assessment acknowledges that IFAD-supported projects contributed, at best, to compensate temporarily for some of these trends by protecting some cultivated and inhabited lands from erosion by floods, rehabilitating rangelands, and introducing improved water management. Land erosion was reduced through rehabilitation of terraces, and wadi bank protection. One project (TEPP) contributed to reduce desertification in the Tihama governorate through sand dune retention measures highly valued by farmers as they also reduced the damaging effects of wind on growing crops. A total of 4,000 ha of agricultural land was protected with 70 km of shelterbelts. The projects also contributed to recharge of aquifers/water table through the development of spate irrigation and the use of drip irrigation versus open channel irrigation. In Dhamar there is evidence of water saving of up to 50 per cent using the modern irrigation techniques introduced by the project. Notwithstanding these important benefits, overall there has been limited intervention in wadi banks protection, rehabilitation of terraces or the promotion of spate irrigation.

217. Data on environmental impacts of project interventions remains limited in supervision reports and other monitoring reports, partly because environment is not explicitly reported on (unless it figures in the project as an objective) but also because impacts are long term and may not necessarily appear within the lifespan of the project. In the Al-Dhala project an environmental management plan is being prepared that will provide a baseline for assessing any changes.

218. While there has been support to NRM in terms of e.g. improved water management, there is limited evidence of projects proactively integrating climate related risks into project design or implementation in terms of climate “proofing”. The exception is EOP where, for example, there will be some forms of weather index based insurance introduced. According to the NEN self-assessment and the RADP evaluation the succession of droughts and violent unseasonal rainfall are often destroying the work done.

219. All projects (with exception of FIP, rated category A) were rated category B as per the Environmental and Social Assessment Procedures<sup>118</sup> of IFAD which assigns the programme/project proposal to one of three categories (A, B, or C) according to the likely significance of environmental and social concerns. Category B refers to projects that may have some environmental and social impacts on human populations or environmentally significant areas but which are site specific and less adverse than category A (significant environmental and social implications).

## Institutions and Policies

220. One of the earlier projects (RADP), contributed to increasing government policymakers’ and donors’ attention to Raymah. During implementation, Raymah was granted a full governorate status in 2004, in large part due to the IFAD project, which has far-reaching implications for its development in the future. Raymah’s new status has had a significant impact on transforming institutions, and policies in the governorate. The Government has made a considerable investment in the Governorate in the last years, particularly in the road infrastructure which has helped to transform the districts and opened up access to the rest of the country in this remote area of Yemen.

221. Another project, CBRIP, has contributed to a significant policy and institutional achievement in terms of institution building on participatory community-based construction and maintenance of village access roads; the Ministry of Public Works and Highways (MPWH) has integrated and mainstreamed the

<sup>118</sup> The ESAP assigns criteria A, B or C in relation to criteria lay out in section 1.6 (‘Criteria for Project Categorization’). Category A projects may have significant environmental and social implications that are sensitive, adverse, irreversible or unprecedented and affect an area broader than the sites or facilities subject to physical interventions. Category C projects will have negligible environmental and social implications.

Community Roads Unit (created under the project) directly into the Ministry structure rather than as a sub-unit under the Rural Access Programme.

222. The training of district level elected officials (SGRDP, AMRDP, DPRDP, ADCRMP) after the first and second local government elections (2000 and 2006) is recognized as an important impact as it has improved these elected people's understanding of their role and of the nature of development. They are thus better able to plan and budget development interventions in their areas, and to understand their duties and responsibilities to those who have elected them, as recognized by self-assessment conducted by NEN.

223. IFAD projects with savings and credit groups have had some positive institutional impact, contrasting with the limited impact of rural finance institutions supported by the programme. There were no changes made in CACB's delivery strategy or rural finance policy which made the provision of its services more accessible to rural households (please refer to section on policy dialogue for further details).

## **F. Other Performance Criteria**

### **Sustainability**

224. The assessment of sustainability involved determining the likelihood that benefit streams generated by the projects will continue after project closure and implied an analysis of whether actual and anticipated results will be maintained beyond the projects life. The sustainability assessment took into consideration factors that influenced prospects of sustainability such as e.g. ownership, exit strategies, and economic sustainability.

225. The older projects now completed (first cohort) were by and large designed with scant attention to key elements essential for sustainability. In the first place, the greatest threat to the community organizations came from the paucity of resources beyond project inputs available to them. Most communities had neither the financial resources, nor developed a plan to raise funds for on-going operations and maintenance after project closure, which constrained their likelihood of survival. Moreover, where there was weak project management and/or the suspension of community participation (for example, Raymah), many of the problems incurred during the project cycle remained unsolved.

226. Second, support services for agricultural activities were also unsustainable in most cases as the alternative to rely on government (as in some projects like RADP) for support services appears unrealistic in view of chronic fiscal challenges faced by government constrained to absorb a large number of extension workers. In RADP some staff and trainees have continued to offer advice as private operators, suggesting the need to analyse how profitability and sustainability is to be achieved.

227. Third, the sustainability of infrastructure was at risk in view of the reluctance of CDCs to charge users the full cost of operation and maintenance. In Raymah, weak management has resulted in no proper water tariffs charged to recover the O&M cost in water supply schemes and no irrigation fees are charged from dam projects.

228. More recent IFAD's ongoing projects in Yemen (second cohort) have strengthened efforts to improve sustainability. For example the stronger management and delegation of control to communities, as demonstrated in the Dhamar and Al-Dhala projects, has paid dividends. Where well-managed community based organizations are established, the financial and managerial sustainability of small subprojects is guaranteed through ongoing investments. Also ongoing projects have designed exit strategies relying on capacity building (technical, managerial and financial) of community members.

229. Even though still limited overall, the registration of CDCs by the Ministry of Social Affairs so far is a major achievement as it enables the Committees to operate within the law and become financially sustainable, ensuring the continuation of benefits to the communities associated to the functioning of these organizations. The introduction of economic incentives for collaboration (such as collective

negotiation with markets in terms of collective input purchase, collective output marketing, and collective contracting for services) also intends to reduce the risk of community organizations not being able to sustain themselves following project completion.

230. Ongoing projects are also promoting the principle of payment of service fees by beneficiaries for services. The benefits provided by trained community level extension workers in animal health have tended to continue because their paid services are always required. On the other hand more effort is needed to induce beneficiaries to fully accept the principle of full cost recovery for agricultural services and water supply.

231. Sustainability of infrastructure subprojects is being supported in some ongoing projects (Dhamar, Al-Mahara, and Al-Dhala) by promoting the development by village units and associations of a system for collecting fees for O&M. Special training<sup>119</sup> was given to community members who are selected to operate their schemes. Some projects provide book keeping systems<sup>120</sup> to operators. The evaluation noted that although this was likely to work well for water harvesting and irrigation schemes, there may be problems where major replacement costs are incurred (e.g. mechanical pumps or electricity generators). There was no evidence of regular collections for long-term replacement costs, and invariably the response to this was “we will collect the money from the community when it is needed”. In CBRIP subprojects a community maintenance fund was envisaged at inception, but this has not materialised.

232. Overall the best prospects for sustainability of project results in Yemen tend to centre on small infrastructural schemes, either community or privately managed, which provide tangible and valuable benefits at affordable costs. This has favoured smaller water supply schemes, feeder roads and minor dams/reservoirs with relatively low operation and maintenance costs. In a few cases, the sustainability of larger infrastructure (e.g. some segments of roads<sup>121</sup>) appears challenged due to low quality of construction in some cases and limited availability of funds to carry out the necessary maintenance

233. In the rural finance project components little TA was provided to CACB to develop a commercially viable strategy which would enable it to deliver services on a sustainable basis. Due to the heavy losses incurred by CACB in delivering financial services in the past, its official shift in policy away from rural lending activities, and the growing cohort of successful microfinance institutions and commercial banks interested to provide financial services to rural MSMEs, there is limited incentive to continue to pursue this partnership.

234. Progress so far with the SCAs in Dhamar and the Community Credit Funds in Al-Dhala are still limited. The project is working to develop an apex organisation and linkages with banks. The Al-Dhala project’s approach of working with registered associations and housing the credit groups within these associations gives its groups a somewhat higher chance of sustainability.

235. IFAD’s programme in Yemen has undertaken some efforts to link project funded investments as part of the plans of local government. For example, in the Southern Governorates project the government took over many of the activities at project completion, including all the schools and health centres built by the project. Government also took over some of the water projects, and roads. Rural roads were handed over to the local councils and the government made budgetary provisions for the project should funds be required to complete some of the activities started by the project. These were positive indications of the government’s commitment to ensure the continuity of the project.<sup>122</sup> In the CBRIP the integration of the

<sup>119</sup> The village unit of Al-Magrana Rainwater Harvesting Scheme, for instance, efficiently operates and maintains their slow sand filtration tank to get purified potable drinking water; for this they have received special training.

<sup>120</sup> The Mission have seen sample of book keeping systems in Attab electricity scheme and Rakhoot mechanized water scheme in Mahara.

<sup>121</sup> Hosin Jara’a road, Hajjah

<sup>122</sup> SGRD PCR.

Community Roads Unit into the MPWH structure ensured sustainability of the community-based roads concept, an important policy outcome at this stage.<sup>123</sup> The training of district level elected officials (see institutions and policies) has played an important role in improving local government response (as reflected in their plans and budgets) to the demands of local communities.

236. In the “new generation” of projects (EOP, FIP) sustainability considerations are built into programme design from the outset. The EOF is a public-private structure designed to ensure stability of governance and is expected also to generate its own income through equity investment and loans to microfinance institutions. The programme is also ensuring strengthened ownership by communities of water-harvesting infrastructure and the establishment of contractual linkages in the value chain between producers’ associations and markets which are expected to continue in the post-programme period.

237. Similar to the positive evolution observed by the Yemen portfolio in terms of other evaluation criteria, sustainability of IFAD supported operations has improved in more recent (ongoing) projects. Overall, the emphasis on participatory development of IFAD operations in Yemen is considered a major supporting factor to sustainability as it contributes to increase ownership in IFAD supported interventions. The establishment and training of CBOs (DPRDP, AMRDP, RADP and ADCRMP) has created a corps of hundreds of CBOs which have the capacity to initiate and manage future development investments. This is one of the hallmarks of IFAD’s successful work in Yemen. On the other hand, the consolidation of community-level associations is still work in progress. The programme has not, managed to ensure the provision of rural finance on a sustainable basis, and the systems to ensure O&M in infrastructure, despite improvements in more recent projects have yet to be fully usable. Overall, the rating for sustainability for the whole period is moderately unsatisfactory (4), taking in consideration the upward “trend” in more projects.

**Table 12. Yemen CPE. Sustainability ratings**

<b>First Cohort</b> (completed projects)	<b>Second cohort</b> (ongoing projects)	<b>Overall rating</b>
3	4	4

### **Innovations, Replications and Scaling Up**

238. Promoting pro-poor innovations is at the core of IFAD’s mandate and IFAD sees innovation perhaps as the most promising way of distinguishing itself from other IFIs. This section assesses to what extent products, ideas or approaches which add value or solve problems in new ways have been introduced by IFAD-supported programme in Yemen. The main test of an innovation is whether it has been able to “stick” after pilot testing.

239. IFAD-supported projects in Yemen have been particularly strong on number innovations; some of which are complete innovations, others are specific to Yemen and yet others are specific to a particular area within the country. The evaluation coincides with the NEN self-assessment in the identification of the following innovations:

- The introduction and training of community level animal health workers, with particular focus on women. This activity started with TEPP, AMRDP and SGRDP and is fully developed with DPRDP, ADCRMP and RALP.
- The design and implementation of participatory approaches, including the use of community development plans and the establishment of CBOs to take responsibility for village level development at all stages from design to use. This approach has reached different levels of implementation, with DPRDP having the most advanced, but also significant achievements for AMDRDP and ADCRMP.

<sup>123</sup> CBRIP Mid-Term Review, 2010.

- The establishment of PMUs with autonomy and ability to act independently. IFAD was also the first organization to have a woman project manager in the agriculture sector.
- The use of government, parastatals and private sector institutions to provide services to the target group, on performance based contracts, thus ensuring a higher quality and intensity of services provided for the villagers in technical and other activities.
- The introduction of local coordinating/operational field staff in each project sub-area, with the role of mobilizing, informing and providing training to the target group. This was the case for SGRDP, AMRDP and DPRDP; in Al-Dhala (ADCRMP) both the technical support and project teams are drawn from local government and cofinanced by the government.

240. The introduction of off-farm income generating activities as components of rural development projects – addressing the increased population density and the fact that agriculture alone cannot solve problems of rural incomes – was also an innovative feature in the country. Moreover, IFAD projects were the first to initiate implementation of a gender approach in the country and to strongly support rural women. The increasing inclusion of women in field teams, despite the conservative nature of Yemen society must also be highlighted as an innovation.

241. Many of these innovations have been replicated across IFAD-supported projects in Yemen. For example, the World Bank's RALP project has adopted similar community-based approaches to IFAD's, and the UNDP project for rural women in Hadramaut plans to use the participatory procedures and mechanisms pioneered in the DPRDP.

242. As far as rural financial services IFAD promoted several approaches new to rural Yemen. These included group lending (Raymah), use of financial intermediaries (Al-Mahara), formation of SCAs (Dhamar) community-based microfinance services through establishment of Community Credit Funds (Al-Dhala) and provision of rural financial services through MFIs (RALP). The more recent Dhamar and Al-Dhala projects have taken a proactive role in the establishment of the community savings and credit groups. This is a promising approach, with the projects having the capacity to deliver financial services cost-effectively to rural households which no other formal sector financial institution has been able to do so far.

243. The Al-Dhala project was innovative in terms of its design to respond to water needs and by promoting agricultural income generating activities within the poorest rural agricultural communities. Importantly, this project is implemented in one of the least politically stable governorates and IFAD should be commended for establishing the project under difficult circumstances.

244. There is a need for 4th level roads everywhere in the country, especially in mountainous areas. CBRIP has been able to provide a pilot subproject in every district. Despite some slow implementation of this innovative initiative, the evaluation was encouraged by the positive response of the MPWH towards community road building and the allocation of funds to these communities for self-tendering. The challenge is in finding replicable funds for this, post-project.

245. In one of the more recent projects (RALP) IFAD for the first time entrusted the implementation of an IFAD financed component to the SFD, a national institution supported by international as well as national resources. An innovative feature of this project is that it will allow SFD to support productive infrastructure going beyond construction of social infrastructure. SFD thus is expected to gain experience and further develop institutional capacity in reducing rural poverty in the country. Nevertheless, implementation and disbursement have been slow and the RALP was briefly considered a 'problem project' by IFAD.

246. Finally, the evaluation acknowledges<sup>124</sup> the two newest projects approved in Yemen (EOP and FIP) as they propose important innovations in their design to the way that IFAD will operate in Yemen,

<sup>124</sup> The evaluation cannot comment on results at this early stage and therefore will not rate these projects in terms of innovation, replication and scaling up.

with a significant shift in emphasis towards partnering with the private sector. In particular they will promote: a private-sector approach to implementation focusing on upgrading value chains with growth potential; the establishment of a public-private partnership for programme management in support of economic growth and poverty reduction (the Economic Opportunity Fund); and new investment partnership modalities such as equity participation by the EOF in a pro-poor microfinance institution and a venture capital financing modality for productive infrastructure development.

247. The portfolio has incorporated innovations gradually as it evolved, in some cases introducing incremental changes or variations as lessons were learned from experience. Ongoing projects for example show more advanced participatory approaches, are partnering more with the private sector and are proposing alternative ways of facilitating access to rural finance. On the other hand scaling up by IFAD or other donors has been limited. Overall the rating is moderately satisfactory (4).

**Table 13. Yemen CPE. Innovation, Replications and scaling up ratings**

<b>First Cohort</b> (completed projects)	<b>Second cohort</b> (ongoing projects)	<b>Overall rating</b>
3	5	4

## Gender

248. Gender equity and women's empowerment has been a cross-cutting issue considered in all IFAD-supported projects in Yemen. IFAD-supported programme's emphasis on women was highly relevant. There could not be any significant impact on poverty or development in the country without equal opportunities for women to enhance their skills, employment and productivity. This is especially important in Yemen given the disadvantaged position of women and the prevailing conservative attitude towards gender relations in many areas of the country.

249. IFAD-supported projects have taken a strong stand on gender mainstreaming, deploying teams of field workers including men and women working together in the most remote and conservative rural areas. These efforts are contributing towards important cultural shifts in self-awareness and in attitudes towards women; they are developing the possibility, in the long run, for a real change in socio-cultural attitudes towards women's participation in the development process. The evaluation concurs with the findings of the NEN self-assessment in the fact that project management commitment to improving the gender balance had a major impact on effective implementation of gender mainstreaming.

250. IFAD's Gender Plan of Action from 2003<sup>125</sup> identifies three overarching objectives towards which IFAD was intended to contribute.

251. The first objective relates **to expanding women's access to and control over fundamental assets – capital, land, knowledge and technologies**. In Yemen women have been empowered by having their own sources of income from livestock and microenterprises -for which they got training and initial investment support. In terms of receiving loans, on the other hand, very few women benefited as they did not have the required collateral. DPRDP found an alternative, after it failed to find acceptable arrangements with CACB and established community level women's savings and credit associations. ADCRMP has also set up village level S&C groups and RALP is financing international consultancies to seek a solution. Across the portfolio the under-performance of the micro-credit components have negatively affected targets established for women.

252. The second objective includes **strengthening women's agencies – their decision making role in community affairs and representation in local institutions**. Women have participated effectively in planning and in determining their communities' needs, and also in seeking to change prevailing

<sup>125</sup> <http://www.ifad.org/gender/policy/action.htm#poa>.

traditional patterns. There is also evidence of the projects having promoted women's role in decision-making, enabling them to access services and improving their skills.

253. The third objective seeks **to improve women's well-being and ease their workloads by facilitating access to basic rural services and infrastructure**. The construction of social infrastructures (e.g. domestic water schemes, feeder roads, electricity) has had an important impact on the lives of women by reducing the large workload born by women in the rural areas of Yemen.<sup>126</sup> Water projects in particular have contributed to save significant amounts of time invested by women every day in fetching water and the provision of clean drinking water has also helped improve the health of household members. In Dhamar, the evaluation's in-depth survey confirmed the importance of IFAD's assistance towards improving roads and the tangible affect this had on access to markets for both men and women.<sup>127</sup> Moreover, the easing of burdens has also facilitated the re-enrolment of girls in education thereby contributing to MDG3.<sup>128</sup>

### G. Overall Portfolio Assessment

254. The overall portfolio assessment is based on ratings for relevance, effectiveness, efficiency, rural poverty impact, sustainability, and innovation/replication/scaling-up. In conclusion, the CPE rates the Yemen project portfolio *moderately satisfactory*. The cumulative contribution of the programme towards community (and women's) empowerment is noteworthy. But the effectiveness of certain earlier projects was severely impaired by poor management and a lack of commitment on the part of government and other partners. It is important to note that many of these shortcomings were addressed in subsequent projects. Individual project ratings are available in appendix 7.

**Table 14. CPE ratings for the Yemen IFAD-funded project portfolio and comparison with ARRI**

Evaluation Criteria	Portfolio Assessment	Percentage of Projects in Yemen portfolio with moderately satisfactory or better	Percentage of IFAD projects in NEN region with moderately satisfactory or better rating in ARRI 2010
<b>Core Performance criteria</b>			
Relevance	5	100	93
Effectiveness	4	75	64
Efficiency	3	38	71
<b>Project Performance</b>	<b>4</b>	<b>62</b>	<b>79</b>
<b>Rural Poverty Impact</b>	<b>4</b>	<b>75</b>	<b>67</b>
Household Income/Assets	4	62	83
Social capital/empowerment	5	75	57
Food Security/Agricultural Productivity	4	62	43
Natural Resources/Environment	4	75	67
Institutions/Policies	4	75	50
<b>Other performance criteria</b>			
Sustainability	4	50	36
Innovation/Replication/Scaling up	4	50	64
Gender	4	na	na
<b>Overall portfolio achievement</b>	<b>4</b>	<b>75</b>	<b>71</b>

<sup>126</sup> Rural women in Yemen are responsible for tending subsistence crops to meet the needs of the household in rained agricultural land, and take care of livestock. They also fetch water for household members and firewood for cooking, and cut grass and bring fodder to feed the livestock.

<sup>127</sup> Interaction in Development, *ibid*.

<sup>128</sup> The main target for MDG3 is to eliminate gender disparity in primary and secondary education preferably by 2005, and in all levels of education no later than 2015. [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals).

### Key Points

Projects and programmes were generally well designed, aligned with the needs of the poor, with IFAD policies and with government priorities, though in some cases over-ambitious. There has been an incremental improvement over the years, particularly with the more recent projects demonstrating a more nuanced and sophisticated approach to community development.

IFAD is the only funding agency working exclusively in poor marginalized areas. There have been positive results in developing community associations, extension services, apiculture and improvements in small-scale fisheries; but subproject fragmentation has led to limited success in, for instance, crop improvement and rehabilitation of rangelands.

Relatively few investments have been dedicated to improving surface water management and strengthening structures to support agriculture development (e.g. cisterns, wadi protection, terraces rehabilitation, and traditional spate irrigation) despite its key importance in Yemen.

Rural finance has had a poor record in respect of formal banking institutions, but progress has been made in establishing community-based savings and credit groups.

Low pace of project approval and implementation has been a concern for the earlier projects covered by this CPE. In 2004, three out of four ongoing projects at the time were classified as Actual Problem Projects. This situation has now been solved (all ongoing projects are currently not at risk).

The sustainability of larger infrastructure projects (e.g. dams) appears challenged due to low quality of construction and availability of funds to carry out maintenance.

Significant income benefits can be inferred from project data, though direct attribution is difficult. The impact of loans in the fisheries sector has been positive, but less so in the highlands agriculture sector. In a conservative society, the empowerment of women through *inter alia* improved opportunities in SME and increased role in decision-making has been significant.

The more recent IFAD-supported programmes have introduced important innovations in Yemen such as e.g. training of community level animal health workers (mainly women) and introduction of off-farm income generating activities as key components in projects. The two more recent projects (EOP, FIP) propose major innovations: a private-sector approach to implementation focusing on upgrading value chains; a public-private partnership for programme management; and new investment partnership modalities such as equity participation a venture capital financing.

## V. PERFORMANCE OF PARTNERS

### A. IFAD

255. IFAD needs to be commended in the first place for designing strategic frameworks for its programme in Yemen through the COSOPs that are overall relevant to the country and include clear objectives. Project designs are also relevant in general, even though some of them were too complex or overambitious in relation to the country context (e.g. SGRDP, RADP).

256. Country strategies were developed following wide consultation with local stakeholders and partners, and ownership by government has been ensured in most cases. IFAD facilitated the participation of line ministries and MOPIC agents in project design missions and carefully discussed proposed project details at the governorate and central government levels. It assisted the processing of projects through government procedures, including active interaction with the Yemeni Parliament. CPMs and even Division Directors met with the Agriculture Committee of the Parliament to speed up processing of some projects, addressing in particular parliament's predilection for hardware

components (e.g. infrastructure) and explaining the importance of software-type of interventions such as e.g. TA and capacity building.

257. IFAD has recognized since many years the weak implementation performance of its projects in Yemen and has tried to reorient this problem, with renewed emphasis in the second half of last decade.

258. Implementation support in earlier projects was overall relatively weak considering the challenging environment in Yemen. IFAD fielded valuable MTR missions which raised issues hitherto neglected by CI supervision missions. Also in 2003 IFAD and the Government of Yemen undertook a Performance Review and Improvement Mission aimed at understanding main implementation constraints (see Government performance). However, follow up discussions with the Government were limited and as a consequence many recommendations were unheeded and no major action was undertaken. Up to the first half of last decade, field visits from the CPM based in Rome were reduced to the minimum required under the supervision model at the time (i.e. during formulation, appraisal and start-up, at mid-term review, and at completion). Moreover, despite real constraints on the ground, IFAD did not take a firmer position with the Government to ensure adequate procedures for the recruitment of the best qualified project managers – a key factor in poor project performance in several projects covered by the evaluation (see Government performance).

259. IFAD correctly identified a number of early projects (RADP, AMRDP, DPRDP) as problem projects. These were classified in the same category for two or three consecutive years in the period 2004-2006.<sup>129</sup> In the case of RADP, it was classified ‘at risk’ for 8 years in a 9 year period of implementation. Given constraints on the ground, including capacity constraints, turbulent political environment and the physical difficulties of access, this is perhaps understandable. But there were also instances where IFAD was slow to react in addressing challenges highlighted by the intermediary reviews, particularly prior to taking over direct supervision (see implementation issues as part of effectiveness).

260. IFAD performance improved significantly in the second half of last decade, with more frequent missions to the country by the IFAD CPM and a more pro-active action plan to address difficulties in under-performing projects. Also more frequent participation of the IFAD CPM enhanced most CI-managed supervision missions. Project designs have in several cases been adjusted during implementation to turn around a number of difficult projects with unpromising beginnings (e.g. ADCRMP, and DPRDP) and to adapt to changes in context. In the last four years all ongoing projects have been classified as projects not at risk (except RADP in 2008).

261. Since 2008, IFAD has been directly supervising and providing implementation support to projects, and there has been a marked improvement in the quality of support offered as a result. The Fund has organized a large number of training events (e.g. gender mainstreaming, results-based management), though the communications network between projects has been suboptimal. The active participation in the recently established (since 2009) Comprehensive Portfolio Performance Review (CPPR) mechanism (see performance of Government Section below) is clear evidence of IFAD’s strengthened presence and oversight at country level. Fiduciary challenges are addressed by IFAD missions as well as the IFAD CPO on regular basis.

262. Performance of M&E systems is a weak dimension in the Yemen portfolio and constitutes an area for improvement. The support given by IFAD and the requirements of IFAD with respect to M&E have not been optimal, particularly in earlier projects, as acknowledged by the NEN self-assessment. On the other hand, particularly since 2005 IFAD is striving to improve the M&E systems in its portfolio in Yemen, directing stronger support to M&E design and capacity building as well as

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<sup>129</sup> In the case of RADP, it was classified ‘at risk’ for 8 years in a 9.e year period of implementation.

ensuring compliance with RIMS requirements. For example, a large grant<sup>130</sup> to develop M&E capacity was approved in September 2005. In 2006, staff from Dhamar and CBRIP participated in a four-day RIMS training workshop in Yemen.

263. The IFAD country programme has been reinvigorated since 2008 through (i) the application of PMD's new business model, particularly establishment of the IFAD country office, direct supervision, partnership development and cofinancing, scaling up, and focus on results and quality; (ii) the enhanced performance of Government in managing project implementation with focus on policy impact and problem-solving (through the CPPR process). Moreover, IFAD's country presence has been consolidated with a national officer based in Sana'a reporting to the CPM based in Rome. IFAD has built a strong relationship with the Government at various levels, contributed to wider acceptability of partnering with CBOs and civil society organizations for grassroots development, devoted much attention to promoting pro-poor innovations, and not refrained from working in districts with high prevalence of insecurity, such as Al-Dhala.

264. The evaluation agrees with NEN self-assessment in the central role of the CPO – with the support of the CPM - in four main areas: (i) ongoing policy dialogue with government ministries; (ii) coordination with partners including UN Country Teams, IFI's and bi-laterals; (iii) implementation support in ongoing projects (including the World Bank supervision missions); and (iv) support to programme design. The CPO has engaged in policy dialogue with the Government to support the EOF, the new institutional body which will manage the new IFAD programme in Yemen. To maintain this momentum the office in Sana'a might require some additional senior staff. Strategic and programmatic decisions remain in Rome, under the responsibility of the Country Programme Manager.

265. Finally, the evaluation notes that Yemen is an increasingly challenging country in which to undertake 'regular' development programmes. IFAD should be commended for having done so, but a more differentiated approach in response to this circumstance, including mobilizing experts with experience in peace-building, tribal affairs and working in conflict areas, may be required in the future.

266. Overall, IFAD's performance is moderately satisfactory (4). IFAD in Yemen has produced designs that are relevant in general, even though some of them appear too complex, and have been produced with wide consultation with local stakeholders. On the other hand IFAD implementation support in earlier projects (RADP, AMRDP, and DPRDP) was not as strong as it could have been. IFAD did not always provide solutions to 'problematic' projects, especially from 2003-05. Implementation support has improved more recently by adjusting project designs when required, even before the MTR. Recent decisions to undertake direct supervision and implementation support in Yemen, strengthen portfolio monitoring and management, consolidate IFAD country presence in Sana'a, and the assignment of a new and dynamic IFAD CPM for Yemen in 2008 are steps in the right direction, which appear to be already contributing to an improved overall partnership between IFAD and the Government.

**Table 15. Yemen CPE. IFAD Performance**

<b>First Cohort</b> (completed projects)	<b>Second cohort</b> (ongoing projects)	<b>Overall rating</b>
3	4	4

## **B. Government**

267. The Government of Yemen have demonstrated overall a good level of commitment and ownership towards IFAD projects. In particular, with the preparation of the first Poverty Reduction

<sup>130</sup> Programme for Capacity-Building in Managing Results and Impact.

Strategic Paper in the country in 2000, the government attention to poverty alleviation increased and its priorities aligned closer to IFAD's. Moreover, recent important initiatives taken by the government to address implementation shortcomings are positive steps towards improving performance.

268. Despite the above, there are a number of areas where the Government of Yemen was unable to meet the concerns expressed by the CIs and IFAD. Many of them derive from the Government overall limited institutional and technical capacity as well as chronic challenges related to shortage of funds from the national budget.

269. In 2003 the Government of Yemen and IFAD undertook a Performance Review and improvement Mission which sought to understand the challenging implementation issues that had caused a slow pace of project implementation in Yemen. The review covered the ongoing Al-Mahara, Raymah and Southern Governorates projects, finding that existing constraints had operational level dimensions as well as policy dimensions.

270. Fiduciary management appears to be a traditional significant constraint in Yemen, including weaknesses in project management, financial management, procurement and contracting, exacerbated by limited coordination and lack of clarity of roles and responsibilities of various government agencies involved in project implementation and lengthy bureaucratic procedures.

271. Improvements have been made in recent years, but throughout the period under review insufficient or late disbursement of government counterpart funds was a key issue. These contributions were usually required to cofinance operating costs, including salaries/allowances of project staff. In Raymah, for instance, the Government was supposed to pay 40 per cent of project staff salaries, but substantial delays and non-payments frequently occurred and had a detrimental impact on the performance.<sup>131</sup> Subsequent to the review, the RADP in 2004-2005 reported that only partial salaries (from an agreement of a 60 per cent share) had been paid for seven months, and vehicles could not be repaired due to insufficient funds.<sup>132</sup> The Dhamar project also experienced discrepancies between the budgetary allocations provided by the Government and the AWPB needs; in some cases budget line items were not released.<sup>133</sup>

272. One clearly identified constraint in earlier projects was the choice of Government-appointed project managers that undermined the efficiency of the PMU. For example, the project and financial managers in Al-Mahara had to be replaced in 2007. The Project Steering Committee at the central level and the project Coordination Committee at the local level began to exercise stronger oversight and control, and the situation improved greatly. A similar lack of oversight in Tihama was noted in the 2003 Interim Evaluation.

273. By and large the government has not been able to put in place effective M&E systems able to generate information on performance and impact. The low performance of M&E systems has often been the result of weak institutional capacities and lack of a results-oriented management culture in the earlier projects. The understaffing and/or high staff turnover in M&E units has also negatively influenced the performance of the M&E systems and has repercussions on overall implementation performance. More recent projects are showing improvements in this area.

274. The establishment of independent PMUs is noted as a key achievement in improving implementation, even though the danger of their reducing capacity in key government ministries has been documented elsewhere.<sup>134</sup>

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<sup>131</sup> RADP Project Completion Evaluation.

<sup>132</sup> RALP Supervision mission 2005, page 2.

<sup>133</sup> DPRDP Supervision mission 2007, page 6.

<sup>134</sup> See, for example, Bennett J et al, 'Country Programme Evaluation: Yemen', DFID, July 2009.

275. The Government (in particular the Parliament, whose approval is required for all loans) has not always been fully supportive of the use of IFAD funds for TA and has tended to view it as financially unsustainable. The reluctance of the Government of Yemen to approve TA e.g. for much needed capacity building, has impacted negatively on project performance.

276. Over the last ten years IFAD and the Government have taken some important steps to address financial and implementation constraints as well as to improve overall aid management and coordination. Subsequent to the Performance Review and Improvement mission in 2003, a new Result Based COSOP was developed in 2007 with a view to improving project performance. The Prime Minister of Yemen **nominated a committee** to review IFAD programme implementation. This comprised government staff (from MOPIC, MAI and MOF), a representative IFAD project director, a senior staff from the Central Bank of Yemen, and the IFAD CPM. This committee has taken action to streamline loan disbursements, especially in reducing the series of procedures for withdrawal application processing.<sup>135</sup> One major recommendation emanating from this meeting, and which was later approved by the council of ministers, was to reduce the number of signatories for withdrawal applications, thereby speeding up loan disbursement. Instead of the need for signatures going from the projects to MAI, MOPIC, MOF, and then the CBY, it was agreed that for all expenditures related to TA, training, civil works and goods, the withdrawal applications will go directly from the project, to MOF and Central Bank of Yemen.

277. In addition, starting in 2009, MOPIC and IFAD took an important initiative with the establishment of a six-monthly CPPR mechanism, attended by all ministries involved. This process (which follows the same model applied by the World Bank in Yemen) provides an opportunity to review all issues facing the implementation of the portfolio and has significantly helped open discussion and solutions for administrative bottlenecks and other problems shared by all or most projects.

278. Moreover, in 2005, with the support of UNDP in Yemen, MOPIC established a new Aid Harmonization and Alignment Unit aimed at enhance government leadership and ownership of development aid and build capacity in the areas of aid management and aid coordination and effectiveness.

279. Past financing and implementation problems appear to have now been rationalised to a large extent, but the evaluation found that there were still some outstanding payments due to the Dhamar project and, more recently, the Al-Dhala project has had difficulties in extracting full budget allocations from the MOF. The evaluation was unable to examine the issue in detail, but learned that the legal requirements, financial guidelines and operational procedures in place mean that it can be half way through the calendar year before national-level budgets are approved and released.

280. Overall the Government of Yemen performance is moderately satisfactory (4). The Government has demonstrated overall a good commitment and ownership towards IFAD projects. Particularly as of 2000 (first PRSP) strengthened attention is given to poverty alleviation. Recent initiatives such as e.g. the streamlining of disbursement procedures, more transparent appointment of programme managers and the creation of the CPPR demonstrate Government interest to improve performance. On the other hand fiduciary management appears to have been a significant constraint, including slow counterpart disbursements.

**Table 16. Yemen CPE. Government of Yemen Performance**

First Cohort (completed projects)	Second cohort (ongoing projects)	Overall rating
3	4	4

<sup>135</sup> Project Loan and Grant Portfolio Review 2008; Aide Memoire 2008.

### C. Cooperating Institutions

281. **Cooperating Institutions.** UNOPS was the CI of four projects implemented by IFAD in Yemen, three completed (TEPP, RADP and AMRDP) and one ongoing (CBRIP). The other ongoing project (RALP) is supervised by the IDA. Over the last two years the entire ongoing portfolio (with the exception of RALP) has been moved to IFAD direct supervision.

282. While far more expensive and demanding of time and staff, World Bank supervision did not demonstrate a significantly higher quality than that of UNOPS. Their focus tended to be on World Bank concerns, and the evaluation notes that this pattern of reporting has continued in the RALP component cofinanced by IFAD. For its part, overall UNOPS complied with its responsibilities as CI with IFAD – even though it was not able to field more than one mission (as required and funded by IFAD), lowering the overall effectiveness of its supervision. Nevertheless, UNOPS managed to provide backup and solve problems, particularly in Al-Mahara and Raymah in the early years of the projects.

283. Overall, CI performance is 4. On the whole UNOPS complied with its responsibilities. The World Bank also discharged its responsibilities diligently even though focusing on World Bank concerns.

**Table 17. Performance of Partners ratings**

Institution	Rating
IFAD	4
Government	4
Cooperating Institutions	4

#### Key Points

IFAD in Yemen has produced designs overall relevant to achieve proposed objectives and with wide consultation with local stakeholders, even though some were too complex and overambitious.

Overall weak implementation support in earlier projects has seen a marked improvement in the last five years. Recent decisions to undertake direct supervision, consolidate IFAD country presence and the assignment of a new and dynamic CPM are steps in the right direction, which are already contributing to improve the partnership between IFAD and the government.

The government has demonstrated overall good commitment and ownership.

Fiduciary management has been a traditional constraint in programme implementation, including slow counterpart disbursements.

Recent initiatives such as the streamlining of disbursement procedures, more transparent appointment of programme managers, and the creation of the annual Comprehensive Review Mechanism of IFAD portfolio are indications of government efforts to improve performance.

UNOPS complied with its responsibilities as a CI with IFAD, but was not able to field more than one mission a year due to budgetary constraints. The World Bank also discharged its responsibilities diligently but focused on World Bank concerns and was more costly.

## VI. ASSESSMENT OF NON-LENDING ACTIVITIES

284. The non-lending activities comprise a group of interventions which are, for the most part, an extension of the operations. As a relatively small lender with a focused mandate, the projects and programmes serve not only to contribute directly to rural development, but to promote a wider policy

dialogue, to build partnerships with Government, other donors, NGOs and civil society, and to share knowledge among the concerned stakeholders (project units, government authorities, financial institutions, small enterprise associations, service providers and others).

### A. Policy Dialogue

285. IFAD policy dialogue in Yemen has increased in importance in time (see section on evolution of IFAD and the Government of Yemen strategy). The first COSOP in 1997 sought to influence the policy framework mainly through projects, while the wider arena of policy dialogue was largely left to other donors. More recent COSOPs (2000 and particularly 2007) recognize policy dialogue as an important component of IFAD programme in the country, although no specific resources are allocated to it (this has changed with the design of the new FIP and EOP).

286. Despite these limitations IFAD has achieved a number of important results. Continuous policy dialogue carried out with the government through its projects (design, implementation, evaluation) must be recognized as an important contributor to draw the attention of policy makers in Yemen towards rural poverty in the country and has had a significant impact in changing government views on the nature and best strategies to achieve rural development. In this regard, for example IFAD helped the Government of Yemen to reassess its own priorities with respect to the rural poor, as demonstrated in the much more explicit pro-rural strategies of the PRSPs from 2000 onwards. Moreover, as evidenced in the DPPR (2006-2010), rural poverty alleviation has become a major feature of government policy discourse. Unfortunately, the above achievements have not been accompanied by any substantial Government budgetary increases towards these sectors, in part due to budgetary difficulties. There also is the perennial issue over what happens to a project once it is closed, an issue not exclusive to Yemen.

287. Effective policy dialogue is also evident in two projects: RADP and CBRIP. As indicated earlier in this report (see section on impact on institutions and policies) only in 2004, after Raymah was transformed into a governorate, did the project area receive new stimulus for public and private sector investments. In this context, the merit of IFAD financing a project in an area hitherto neglected by any type of development intervention should be recognized: the RADP contributed to increasing the visibility of Raymah at national level. CBRIP has the specific institutional and policy objectives of ensuring that a community-led approach to village access road improvement is enshrined in the overall framework for rural road network development. Specific resources have been provided to support policy dialogue.

288. IFAD's strategy in the 1990s and most of the 2000s giving particular attention to remote and marginalized areas (Al-Mahara, Southern Governorates, Dhamar, Raymah, Al-Dhala, and the desert areas of Tihama) contributed to bringing them into mainstream development policy, hence contributing in a small way to politically 'stabilise' some of the more volatile areas.<sup>136</sup>

289. On the other hand, results have been limited in other areas. In relation to *credit delivery and institutional reform*, IFAD's association with CACB has done little to influence the policies of CACB or place it in a position to leverage government policy regarding micro-finance in Yemen. The project modality did not provide IFAD an effective mechanism for influencing policy change in this sector. Furthermore, IFAD's canvassing to restructure CACB has worked at cross purposes with its own agenda of using CACB as its main implementing partner in the sector. IFAD expected that restructuring would somehow lead to CACB being more responsible to providing services in rural

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<sup>136</sup> The evaluation stresses that it has no empirical evidence to back this claim, despite the fact that many interlocutors upheld the view.

areas whereas CACB's plans for restructuring are driven mainly by the need to make its operations more commercially viable.

290. As far as improvement in equity in spate irrigation (identified in the 2000 COSOP as a policy objective), despite its stated intention to work in this area, the country strategy does not appear to have had any mechanism to undertake this.<sup>137</sup> This is also reflected in the design of the projects where there is no mention to policy dialogue regarding spate irrigation.<sup>138</sup> Similarly, the 2007 COSOP does not make any reference to this area in its assessment of IFAD's policy dialogue.<sup>139</sup>

291. The evaluation is able to comment positively on the significant increase in policy dialogue as a result of having a capable CPO in country since 2008. On the other hand, despite IFAD participation in UNDAF the evaluation was made aware of the confusion among some UN agencies in particular as to whether IFAD has a project office in Sana'a or a country (representational) office, and therefore how prominent its voice can be within the UN family.<sup>140</sup> IFAD is well placed to take a central advocacy role with respect to agricultural development in Yemen, including such matters as reducing qat production, but within the context of UNDAF has not yet fully done so. It must be noted however that IFAD is directly tackling qat production by upgrading agricultural value chains that can compete with qat.

## **B. Partnership Building**

292. The evaluation notes an overall adequate working relationship between IFAD and other development partners, especially those such as World Bank and UNDP who have offices in Yemen (and more recently EU and IsDB for the new country programme). Dialogue and coordination through the UNDAF process has been good and strengthened with the establishment of IFAD country office. IFAD has contributed to the development of the UNDAF,<sup>141</sup> the common strategic framework for the operational activities of the UN system at the country level and participates in its annual review process. In the spirit of the Paris Declaration, the CPM participated in the November 2006 Yemen Consultative Group meeting in London that was attended by 39 donors. IFAD was also present at the follow-up meeting in Sana'a in 2008.

293. In spite of the above efforts IFAD has been not been adequately supported by other donors in its project areas and is frequently required to address all problems in that location, thus stretching its resources. In a country that's seriously under-aided, this is not surprising. Yet the understanding of IFAD comparative strengths and programmatic outreach still needs to be better understood by other agencies in the country, including within the UN system.

294. All projects covered by the evaluation included co-financing, with a wide range of levels of contributions from various cofinancers, from US\$0.1 million from UNDP in TEPP to US\$19.7 million from World Bank in SGRDP. The most recent projects approved (RALP, EOP and FIP) have significantly increased the level of cofinancing from sources such as IDA/World Bank, IsDB, EU, Participating Financial Institutions and the EOF.

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<sup>137</sup> 2006 Evaluation of NEN Regional Strategy, Country Working Paper on Yemen, Paragraph 113.

<sup>138</sup> 2006 Evaluation of NEN Regional Strategy, Country Working Paper on Yemen, Paragraph 81.

<sup>139</sup> 2007 COSOP.

<sup>140</sup> Discussions with senior UN representatives in-country.

<sup>141</sup> IFAD in Yemen is part of the UNDAF Outcome 4 for Pro-Poor Growth and was involved in preparing the UNDAF Outcome Analysis Report which documented the major outputs of the UN Agencies in four subgroups (governance, gender equality and empowerment of women, population and basic social services, and pro-poor growth).

295. However, cofinancing committed at design did not materialize in four earlier projects (TEPP, RADP, AMRDP and DPRDP). In Al-Mahara, UNDP cofinancing was expected to support the technical expertise required for financial mediation and group loans. In the event, UNDP did not provide the cofinancing, and this assistance did not therefore materialize. In the Dhamar project the use of an international NGO was expected to be financed by the Netherlands Government to help, among other tasks, the organization of the community. Again, this did not materialize, though ironically it may have resulted in stronger community groups being formed by the project itself. Apportioning responsibility for these cofinancing shortfalls has been difficult. It appears that during appraisal the commitments made by some donors are written into the design and taken for granted, without sufficient follow-up with the donor and with no fall-back position in the event of co-financing shortfalls. This has been a major stumbling block for IFAD projects in Yemen.

296. IFAD's relationships with the Government of Yemen are mainly through five agencies: MOPIC, MAI, MOF, MFW and MPWH. With regard to project implementation, overall, the range of institutions with which partnerships were attempted appears to be narrow and repeatedly included CACB and AREA even when past project experience indicated that these partnerships had not been very successful.

297. More recent projects (CBRIP, RALP, EOP, and FIP) have significantly widened the range of IFAD partners in Yemen. IFAD implementer partner in CBRIP is the MPWH. Moreover, of particular note is the decision by IFAD in RALP<sup>142</sup> to entrust implementation of its project to SFD as well as the positive relationship established with this institution. Since the implementation of the IFAD-supported component by SFD has only just started, following significant delays and low disbursement rates, judgement is pending, but the evaluation was impressed with the professional standing of the Social Fund.<sup>143</sup> The project is expected to enable cross-fertilization with several donor-supported activities, including SFD's pilot Integrated Interventions Programme, under which participating communities will receive additional funding for social infrastructure and management needs. The World Bank-supported PWP and the Rural Access Project may finance additional infrastructure as necessary.

298. The two newest programmes (EOP, FIP) introduce a significant shift in emphasis towards partnering with the private sector. Programme management will be entrusted to a newly established public-private partnership (the EOF) governed by a Board of Directors representing both public and private sectors. Programme activities will be implemented by (mostly private, and some public) contracted service providers.

### **C. Knowledge Management**

299. IFAD has produced valuable documentation on its experience in Yemen including: a country sheet "Enabling poor people to overcome poverty in Yemen"; a fact sheet about the Sustainable Livelihoods Approach in Yemen intended to assist IFAD and the Government of Yemen to obtain a better understanding of the strengths they possess, the obstacles they face and the vision they have regarding their future; two thematic studies on gender development issues,<sup>144</sup> and several "stories from the field" which describe specific experiences from the projects presented from the beneficiary perspective.

300. Moreover, Yemen benefits from IFAD NEN's active efforts to strengthen knowledge management and communication tools to share its experiences with others. This includes inter alia a

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<sup>142</sup> Financed by the IDA, with the third component (Productive Rural Development) being cofinanced by IFAD.

<sup>143</sup> The evaluation notes, however, that IFAD is regarded by SFD as a 'donor' rather than active partner, and that its main point of reference for technical input is the World Bank.

<sup>144</sup> Rural Women Development in Yemen: Lessons Learned from IFAD, Government and other Donor's Experiences with Gender Issues', published in September 1997 and November 1997.

periodic newsletter (Rural Echoes), a regional digital network (KariaNet<sup>145</sup>) connecting IFAD projects for knowledge sharing in the region, and regional workshops to discuss specific themes relevant to rural development in the NEN region. Yemen is scheduled to be a member of the second phase of the KariaNet.

301. Project exchanges have been encouraged in some cases. For example the SGRDP passed its experience on participatory development through on-the-job training to staff engaged in community development in both the RADP and the AMRDP. In more recent projects a number of inter-project visits and training are also already leading to increased knowledge sharing on best practices in community development such as e.g. in the Dhamar Project, where IFAD is sharing the experience of working with SCAs with the Social Fund for Development and other IFAD projects to exchange information and possibly replicate the experience. In RADP, the project organized exposure visits for Government staff which are deemed highly successful to increase the visibility of the projects and share knowledge in the region.

302. Despite the above, on the whole project exchanges have not been frequent and even when a project has been termed as a pilot project and the expectation of it generating a replicable model has been highlighted, this has not materialized, e.g. the TEPP.

303. As far as research with respect to agriculture, even though this has been a key component of most projects in Yemen, it has been assessed to have generated little new knowledge and there was no good mechanism to disseminate even the little information that was generated.

#### **D. Grants**

304. Yemen has benefited from three types of grants: project start-up grants; country-specific grants (under the responsibility of the CPM); and regional grants (managed by IFAD's central technical department) -see appendix 6. The first ones were used to expedite project start up by providing an early injection of funds to pay for equipment, vehicles, and initial salaries. They have been vital in avoiding implementation delays.

305. Country-specific grants were used for two main purposes: i) institutional and management capacity building; and ii) direct support to project activities. As far the former, grants supported for example strengthening the institutional capacity for IFI coordination in MOPIC and also enhancing the Loans and Grant Management Information System at country level. In the case of direct support to project activities, the Raymah project received one grant for the development of a solid waste management system (although never implemented) and one to support two local women's associations for US\$12,000 (weaving equipment and a revolving fund for veterinary medicine). Al-Mahara also received a grant for US\$60,000 for women's groups to establish SMEs (coffee grinding mill, a small shop and various other investments - this grant was active between 2002 and 2008).

306. As far as regional grants, Yemen has benefited from several grants dedicated to a wide range of issues, including: marine resource management, technology transfer to enhance rural livelihoods and natural resource management, knowledge generation and sharing, training in agriculture, and understanding the impact of food prices. The NENAMTA grant for example provided training to 13 "trainers-of-trainers", and 60 persons were trained at the National Training Unit. Specialized training was provided (in Arabic) in rural development and agricultural project management. On the other hand, limited efforts were made to develop the financial and administrative autonomy of the National Training Unit – a limitation also acknowledged by NEN self-assessment -. The paucity of IFAD grant monitoring has made it difficult for the evaluation to follow the progress of those trained. The

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<sup>145</sup> KariaNet is a multi-stakeholder partnership between IFAD, the International Development Research Centre (IDRC) and IFAD-funded projects in the Near East and North Africa region. Source: Rural Echoes newsletter, KariaNet: connecting poor rural people to knowledge.

relevance of the grant has been acknowledged for its demand driven approach, focus on issues of interest for the projects and the fact that it was delivered in Arabic. Its effectiveness however is relative as it was not fully implemented (never went past its pilot phase).

## E. Overall Assessment

307. Overall, the CPE assesses non-lending activities as moderately satisfactory (4). IFAD has contributed to draw the attention of policy makers in Yemen towards rural poverty and helped the Government of Yemen to reassess its own priorities with respect to the rural poor. On the other hand IFAD's association with CACB has done little to influence the policies of this Bank or place it in a position to leverage government policy regarding microfinance in Yemen. IFAD maintains good dialogue with World Bank, UNDP, EU and IsDB who have offices in Yemen and participates in the UNDAF process, which has been strengthened with the establishment of IFAD field presence. IFAD in Yemen has been active in generating knowledge products. However, research activities with respect to agriculture have been assessed to have generated little new knowledge and project exchanges are still limited.

**Table 18. CPE ratings for non-lending activities**

Type of non-lending activity	Rating
Policy Dialogue	4
Partnership Building	4
Knowledge Management	4
<b>Overall assessment</b>	<b>4</b>

### Key Points

Policy dialogue has increased in importance in Yemen. It is now recognized as an important component of the programme in the latest COSOP. IFAD Country presence in Yemen since 2008 is an important contributing factor to more active policy dialogue.

Noteworthy results have been achieved through continuous policy dialogue carried out with the government through projects (design, implementation, evaluation). Results include for example changes on government views on the nature and best strategies to achieve rural development and IFAD's contribution to Raymah's transformation into a governorate.

On the other hand, IFAD's association with CACB has done little to influence its policies or place it in a position to leverage government policy regarding microfinance in Yemen.

IFAD has established close working relationship with other donors in the country and is actively engaged in UNDAF. However, it is alone in its project areas, a gap that perhaps needs more robust advocacy from IFAD.

Co-financing committed did not materialize in four earlier projects (TEPP, RADP, AMRDP and DPRDP). Co-financing has increased significantly (from IsDB, EU, Participating Financing Institutions) in the two more recent private-sector oriented projects.

IFAD in Yemen has been active in generating knowledge products. On the other hand project exchanges have not been frequent (with increased attention to this issue in more recent projects e.g. DRDP). Research activities with respect to agriculture overall have been assessed to have generated little new knowledge.

The regional NENAMTA grant has provided focused and relevant training to the projects. Start-up grants for projects (equipment, vehicles, and initial salaries) have been vital in avoiding implementation delays.

## VII. COSOP PERFORMANCE

### A. Relevance

308. The 1997 COSOP was the first strategic plan for IFAD in the Republic of Yemen. It was updated in 2000, with the new version providing a more precise definition and description of IFAD's approach. Government policy had become more focused on poverty alleviation and the COSOP aimed at increasing government ownership and commitment while also continuing its main concern with poverty alleviation.

309. IFAD strategic objectives in Yemen of the past two decades reflected in the COSOPs have been highly relevant to the concerns and needs of the rural poor in Yemen. In search of these objectives IFAD has supported a wide range of investments combining support to productive and income generating activities with social investments requested by the poor in the communities. A central plank of IFAD strategy in Yemen has been to empower the rural poor through the establishment of CBOs and producer associations, as well as through increasing poor men and women's skills and ability to earn an income. They have also focused on improving gender equity.

310. In some cases, project's design was over-complex but, given the range of needs of the target communities, a multiplicity of activities was important if these needs were to be addressed. IFAD has also played a role in persuading Government to give more attention to poverty alleviation. Although it intended to focus on youth, few projects managed this, a problem shared with IFAD and other funding agency programmes in other countries. Only the three most recent projects (RALP, EOP, FIP) have included youth explicitly in the target group.

311. IFAD-supported interventions' emphasis on expanding access to social services through community social infrastructure such as e.g. sanitation, health, schools was clearly relevant to the needs of the beneficiaries. However, the use of limited IFAD funds for this purpose is questionable when other agencies such as e.g. the PWP and SFD have greater resources and experience in providing this kind of service.

312. IFAD adopted a relevant approach to the needs of the poor concentrating on marginal and peripheral areas where the majority of the poor live, using area-based programmes with project designs expected to have low recurrent cost implications for government post project. In many projects IFAD was the first institution to address rural poverty issues in the area.

313. On the other hand, the strategy resulted in: (a) limited resources being spread too thinly across too many subprojects; and (b) geographically, resources spread too thinly across a large population. The dilemma for IFAD remains the balance between project activities which may ease, but not remove, the burden of poverty and those which will increase productivity and production and assist people to escape poverty. The problem has been the weak link established between community development and subsequent economic development activities.

314. Moreover, the plethora of subprojects and the consequent thin spread of project funds means that even when a subproject generates significant additional income it cannot easily be scaled up because project funds are already committed elsewhere to lesser-performing subprojects. The opportunity to close certain subprojects and redirect resources in the face of empirical evidence is rarely taken. The issue has been strongly addressed by the latest projects approved (EOP and FIP) (see later in this section).

315. The CBRIP and, more recently, the IFAD-financed component of RALP<sup>146</sup> projects represented a departure from the multi-sector rural development projects dominating the earlier IFAD portfolio in Yemen and a move towards a national programme approach focusing on a single sector – rural infrastructure – in the case of CBRIP and on productive rural development (RALP). CBRIP has the specific institutional and policy objectives of ensuring that a community-led approach to village access road improvement is enshrined in the overall framework for rural road network development.

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<sup>146</sup> RALP as a whole is a multi-sectoral project.

The benefits expected of national level programming are in the case of CBRIP, the chance to link with and influence a national road building programme (the RAP). RALP supports one component of a larger World Bank project, deriving experience drawn from other IFAD projects.

316. Broad concerns over deteriorating security in Yemen are often attributed to depleting income and employment opportunities. If this is the case (the correlation between political and economic factors is not straightforward), IFAD could have made greater efforts to link its programme more closely to that of other UN agencies. Where other UN agencies focus on governance, for example, IFAD could look at complementary programme in the same area that promote livelihoods and present tangible alternatives for under-employed young people.

317. The evaluation uncovered some conflicting views over whether IFAD's presence in rural areas encourages or discourages other donor investments. In theory it should encourage complementary activities, but that may require a more robust advocacy strategy and dissemination of its acquired knowledge. Conversely, some senior government officials express the view that in an under-aided country other donors are dissuaded "because IFAD is already covering that area".

318. We have outlined the difficulties over IFAD's partnership with CACB. The rural finance institutional context in the current decade is very different. A new interest in small-loan rural outreach has been expressed by the newly established al Amal Bank, the National Microfinance Foundation, the microfinance branches of al Tadhamon bank and al Kuraimi exchange organization, and the Post Office. There are now over 11 Microfinance institutions in the country. The newly designed EOP will support some of these organizations to develop their rural outreach through equity financing, training for their staff and other measures. This should create a fundamental and positive transformation with respect to access by the poor and women in particular to financial services. However, it should be noted that all this is new and that start-up problems and difficulties should be anticipated, including lack of confidence of the rural poor and other problems common to financial institutions.

319. IFAD has adhered well to the principles of the Paris Declaration on Aid Effectiveness, particularly with respect to ensuring government ownership and in presenting a coherent strategic approach to its portfolio. Although minimised at national levels (through a strong working relationship with MOPIC),<sup>147</sup> transaction costs at subnational level have been higher, mainly because complex multi-sector projects do not take adequate account of institutional and management constraints. Above all, IFAD's 'hands-off' approach in the earlier projects resulted in limited oversight with respect to procurement (Tihama<sup>148</sup>) and a failure to take corrective action over shortfalls in counterpart government funding (Raymah<sup>149</sup>). Outsourcing the supervision of projects to a CI only compounded this, especially where appointed institutions could provide only a cursory overview and where responses were in most cases reactive rather than proactive.

320. A noticeable feature of the more successful IFAD-supported interventions in Yemen was: (a) a strong independent PMU; and (b) a transparent and accountable process of disbursements where sufficient efforts were invested in explaining project entitlements to recipients. The establishment of independent PMUs is a staple approach in Yemen, despite perennial concerns that such arrangements might fragment aid or take capacity out of the government. Fiduciary challenges continue to be addressed by the CPO and regular IFAD missions (and more effectively since IFAD has taken direct supervision of its projects). Delays in the release of government's local funding were not uncommon, especially where these were processed through line ministries. IFAD and the Government have effectively tackled the bottleneck by addressing requests directly to the MOF, though delays have not been entirely eliminated.

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<sup>147</sup> MOPIC's establishment of the Aid Harmonization and Alignment Unit, and the creation of the CPPR, are positive steps towards improving government performance.

<sup>148</sup> IFAD Project Performance and Improvement Report, 2003.

<sup>149</sup> RADP Completion Evaluation, Draft Final Report, March 2010.

321. The two latest projects EOP and FIP are highly relevant to government priorities (see table 19) as they address three key priorities identified by the Government of Yemen in its latest five years development plan, the DPPR for the period 2006-2010; (i) to create sustainable pro-poor investments aligned with the Government's poverty reduction and economic growth policies; (ii) to introduce a private-sector-led approach to development operations; and (iii) to establish a public-private partnership to effectively, efficiently and transparently manage development resources and create synergies. The FIP will implement the Government's economic growth and poverty reduction policy framework in the fisheries sector.

**Table 19. EOP relevance to Government of Yemen and IFAD priorities**

<b>National Strategy (NS) DPPR 2006-2010</b>	<b>IFAD COSOP Strategic Objective (SO)</b>	<b>Economic Opportunities Fund (EOF)</b>
NS 1: enhance partnership with private sector, civil society, donors to reduce poverty	SO 1: empower rural communities	the EOF constitutes a sustainable public-private partnership serving rural areas; it will buy equity shares in pro-poor financial institution(s)
NS 2(a): promote SMEs for sustainable incomes; in food processing and export-oriented agriculture & fisheries NS2(b): promote micro finance services for the poor, especially for women in rural areas	SO 2: promote sustainable rural financial services and pro-poor SMEs	the EOF will support all value chain actors and promote financial services for import substitution & export growth the EOF will support microfinance services that focus on lending to women; and will support new financial products
NS 3(a): increase efficiencies for agriculture sector NS3(b): enhance household food security NS 3(c): ensure optimal and sustainable use of fishery resources	SO 3: improve rural household food security	the EOF will enhance efficiencies in selected agricultural value chains the EOF will stimulate increased sustainable household incomes next IFAD investment through EOF is likely to focus on fisheries value chains

Source: IFAD - Economic Opportunities Programme. Final report.

322. As far as alignment with the 2007 COSOP, the EOP objectives show strong alignment with SO2 (i.e. promote sustainable rural financial services and pro-poor SMEs). The engagement of private sector is recognized in the COSOP as one of the areas that could contribute to improve rural food security. However, it is not a main thrust of the 2007 COSOP.

323. The EOF (see section III B) will be responsible and accountable for the management and implementation of EOP and FIP, and is also expected to play this role in future IFAD investments in Yemen. According to EOP design report EOF's institutional arrangement will allow the application of the following core principles: (i) cost recovery & sustainability: the EOF will minimize recurrent costs, introduce cost recovery mechanisms, and aim to achieve medium-term sustainability; (ii) multi-sectoral approach: the IFAD programme for the 2010-2012 cycle is multi-sectoral and the EOF constitutes a multi-sectoral institutional arrangement; (iii) private-sector orientation: the EOF will be managed and operated based on private-sector principles and speed, with a clear commercial orientation; (iv) equity participation: the EOF will be legally capable of equity participation in licensed microfinance institutions; and (v) venture capital: the EOF will be legally capable of venture capital investments in rural businesses which have growth potential and generate sustainable rural jobs.

324. In relation to COSOP management, the 2007 COSOP mentions annual review workshops and a MTR to assess achievements. So far, although there is intensive ongoing dialogue with the Government on the country strategy, the MTR has not been undertaken despite the recent significant shift in the strategic orientation of the programme.

325.

## B. Effectiveness

326. The IFAD-funded programme in Yemen responded quite well to the strategic thrusts proposed in the three COSOPs being evaluated. The objectives of the COSOPs were essentially components of almost every intervention in Yemen. As a consequence, there is no disconnection between the effectiveness of the COSOP and that of the programme in Yemen. The lending and non-lending activities approved since 1993 have made progress in relation to the five key thrusts of the COSOPs. As a consequence, the CPE rates the effectiveness of the COSOPs as moderately satisfactory (4).

327. The overall performance of the COSOP - which is a combination of the ratings for relevance and effectiveness - is considered as moderately satisfactory (4).

### Key Points

The strategic objectives proposed by the COSOPs in Yemen have been overall relevant to the concerns and needs of the poor and to government strategies, combining support to the productive and income generating activities with social investments requested by the poor.

Over-complexity in view of limited institutional and management capacity, particularly within local government, has been an issue in earlier projects.

IFAD's support to area-based projects on marginal and peripheral areas has brought important benefits to these areas. On the other hand, limited IFAD resources have been spread too thinly across too many subprojects and governorates in Yemen. Arguably, fewer subprojects in a smaller geographic area might have been more cost effective.

The CBRIP and, more recently, RALP projects represent a departure from the multi-sector rural development projects dominating the earlier IFAD portfolio in Yemen and a move towards a more focused national programme approach.

IFAD has adhered well to the principles of the Paris Declaration on Aid Effectiveness, particularly ensuring government ownership and in presenting a coherent strategic approach to its portfolio. Transaction costs at national level are minimized (strong working relationship with MOPIC), but are higher at subnational level, mainly because of complex multi-sector projects.

The two latest projects EOP and FIP address three key priorities identified by the Government of Yemen in its latest five years development plan: sustainable pro-poor investments; a private-sector-led approach to development operations; and public-private partnership to manage development resources. These are only partially captured in the 2007 COSOP.

## VIII. OVERALL IFAD-GOVERNMENT PARTNERSHIP

328. Table 20 contains the overall assessment of the CPE of the IFAD-Government partnership. It is based on the ratings of portfolio performance, non-lending activities and COSOP performance. The final score is not an aggregate of the full 10-project portfolio, non-lending activities and COSOP performance over 18 years, otherwise the scoring would be negatively skewed towards the lesser performing earlier projects. Rather, is based on an informed and objective judgement of the evaluation team, taking into account improvements in recent years, and the greater coherence of the 2007 COSOP in particular.

**Table 20. CPE overall assessment ratings**

Assessment	Ratings
<b>Portfolio performance</b>	4
<b>Non-lending activities</b>	4
<b>COSOP performance</b>	4
<b>Overall IFAD-Government Performance</b>	4



## IX. CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusions

329. Over the last 17 years, IFAD has made a **significant contribution to agriculture and rural development in Yemen** and, as the only agency working exclusively in the poor, marginalized areas, it has deservedly gained a solid reputation for specialized expertise and country experience. The Fund's investments and its capacity to leverage significant amounts of cofinancing (mainly for the more recent interventions) are of particular importance in such an income-poor, under-assisted country. The operations financed to date have covered some of the most remote, marginalized areas where infrastructure and services are limited, access to inputs and markets is uncertain, and institutional capacity is often inadequate.

330. **Changing context (see paragraphs 31-63).**<sup>150</sup> Future IFAD/Government of Yemen cooperation will need to take account of major challenges now facing the country that will undoubtedly lead to important changes over the short to medium term. First of all, although Yemen has so far avoided collapsing into disorder, the country shows many signs of fragility and of lacking effective authority in the face of a wide range of social, security and economic difficulties. The political scene following the eventual departure of the current president is likely to be characterized by great uncertainty as disparate and competing factions come to the fore to define a new political structure. Moreover, Yemen faces significant security problems related to the Shi'ite insurgency in the north, armed insurrection in the south, endemic tribal violence, and, in 2011, challenges to the central authority of the Government.

331. The second challenge has to do with the rapid depletion of water resources. Severe water scarcity, a traditional challenge in a semi-arid country like Yemen, is worsening owing to heavy extraction of groundwater resources for agriculture<sup>151</sup> and poor irrigation practices, combined with increased vulnerability to climate variability/change. The third challenge has to do with the need to diversify the economy from a declining oil sector (ordinarily accounting for the vast majority and exports and government revenue), which calls for increased attention to, and reliance on, other sectors such as rainfed agriculture. Yet another challenge has to do with the country's rapidly growing population (expected to double to around 40 million within the next 20 years), which will result in heavier public service costs and food security difficulties. All these factors may affect already limited government capacity because the public sector (which already has significant institutional and human resource gaps) will find itself facing serious problems associated with the growing population, reduced public resources and unresolved security issues.

332. On the other hand, the Government's key economic and governance reforms have generated a number of important opportunities. The National Reform Agenda approved in 2006 dealt with anti-corruption measures, rule of law, enhanced political participation, and focused both on encouraging growth and on reducing poverty through private-sector-led development. The Government has also made a concerted effort to improve the investment climate and has enacted a new microfinance law.

333. **Main achievements (see chapter IV).** The Fund has been instrumental in promoting participatory development and in supporting social mobilization in rural areas, building up the capacity of community organizations and strengthening social capital, as evidenced by the increased role of communities as lobbying platforms to secure services from government and NGOs. IFAD has also contributed to expanding beneficiaries' access to social services by supporting the construction of community infrastructure that is highly relevant to the needs of the rural poor, such as water and

<sup>150</sup> The reference to paragraphs/chapters directs the reader to the analysis and findings in the main report which have informed the conclusions.

<sup>151</sup> Especially for *qat* cultivation, which has expanded dramatically in the last decade, consuming an estimated of 25 per cent of total water use for agriculture.

sanitation. It has also helped to increase agricultural productivity through improved irrigation systems, soil conservation, crop improvements, the diversification of production, and development of small-scale fisheries. Moreover, despite the challenges of a conservative society such as that of Yemen, IFAD has helped to empower women by providing opportunities for them to create small and medium-sized enterprises, increase their participation in community decision-making and gain access to employment thanks to vocational training.

334. **Areas in need of attention.** On the other hand, the CPE points to a number of shortcomings. First, Yemen has a poor record in respect of formal banking institutions that provide rural finance, and IFAD has had only limited success in enhancing poor rural households' access to financial services in a cost-effective and sustainable manner.<sup>152</sup> Nevertheless, some progress has been made in establishing community-based savings and credit groups. Second, despite severe water shortages, relatively few investments have been made in improving surface water management and in strengthening structures to support agricultural development (e.g. cisterns, wadi protection, terraces rehabilitation, and traditional spate irrigation). Third, notwithstanding recent improvements the country portfolio has been affected by weak government performance mainly owing to its limited capacity, which has resulted in management and institutional constraints. Finally, despite the country's large proportion of children and youth (67 per cent of the total population) and high youth unemployment (estimated at 53 per cent), few projects/programmes have focused on youth<sup>153</sup> – a problem IFAD shares with other funding agency programmes, both in Yemen and elsewhere.

335. **Evolution in IFAD's approach (see paragraphs 309-324).** IFAD's development approach evolved over the period covered by the evaluation. Earlier interventions (approved up to 2005) supported integrated area-based rural development on marginal and peripheral areas of the country as the main vehicle for improving rural livelihoods. The more recent projects/programmes (approved after 2005) move away from the multisector rural development interventions that dominated the earlier IFAD portfolio in Yemen, towards national programme approaches focusing on a single sector and emphasizing the projects'/programmes' economic orientations.

336. With its earlier model, IFAD focused on community development activities that responded to the social needs of communities, combined (although with less intensity) with support to productive and income-generating activities. The Fund has therefore supported investments over a wide range of areas, including: strengthening of community associations; construction of social infrastructure; support to extension, technology transfer and research; development of small-scale fisheries; provision of infrastructure to improve natural resources management, e.g. water harvesting structures and small-scale irrigation; promoting access to rural finance; and supporting small and medium-sized enterprises.

337. While, in the main, IFAD's approach to integrated area-based programmes has been relevant (both to the needs of the poor and to government strategies) and has produced positive results in the past, it also points up a number of shortcomings. First of all, one of the greatest concerns – and the subject of continuous debate within both IFAD and its partners – is that already limited resources have been spread too thinly across too many subprojects and across a large population. This is because IFAD-supported interventions have covered a large part of the country, including the mountainous interior to the west, where most of the rural poor live, and the remote coastal areas where poverty is endemic. While its geographic targeting has been mostly adequate for targeting the poor, the Fund's interventions have covered wide areas within the governorates, resulting in low per capita allocations and in some cases piecemeal and fragmented subprojects that had only a marginal impact on households. Secondly, IFAD assistance has been specifically targeted to areas with the highest poverty levels rather than to those with the greatest development and economic potential.

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<sup>152</sup> The design of the new projects, EOP and FIP are addressing these issues, though it is too early to see any results.

<sup>153</sup> Ibid.

338. Undoubtedly, the selection of geographic areas with more potential for agricultural development would have increased the effectiveness and sustainability of IFAD-supported interventions. Thirdly, IFAD-supported projects/programmes have focused somewhat disproportionately on social welfare rather than on economic development. While empowerment of rural communities is recognized as essential to rural development, by and large it has not been accompanied by adequate support to economic activities that would improve incomes and alleviate rural poverty.

339. In earlier projects/programmes, too often, IFAD has not been adequately supported by other donors in the remote rural areas of Yemen, not only because the level of aid invested in the country is low but also because of the limited links between IFAD-funded interventions and those of other donors. As the only visible source of external funding in the remote areas, IFAD interventions raised expectations, created demand and, where communities were encouraged to select their own priorities, led to projects/programmes that were too complex in terms of subsector coverage and over-ambitious vis-à-vis the country context, e.g. weak institutional capacity and limited support to the poorest and peripheral areas.

340. In contrast to the above, the **more recent projects/programmes** (approved after 2005) represent a marked departure from previous approaches. Greater emphasis is now being placed on national programme approaches that focus on a single sector – rural infrastructure in the case of CBRIP – and on supporting the agriculture production component in a larger World Bank project (RALP). In addition, even though the evaluation is unable to comment on results at this early stage, the design of two recently approved interventions (EOP and FIP) contain important innovations in the way the Fund will operate in Yemen – thereby introducing a significant shift in emphasis towards partnering with the private sector.

341. In EOP and FIP, the institutional arrangement for project management through a public-private partnership – EOF – is expected to bring private-sector principles and speed to the management of public development funds, and appears to be an adequate alternative for responding to the Government's present weak capacity. The new projects/programmes also take a private-sector approach to implementation inasmuch as they focus on strengthening selected value chains, including inter alia promoting contractual linkages between producer associations and markets.

342. The EOF is expected to manage future IFAD investments in Yemen. Two factors are expected to contribute to its sustainability: (i) its public-private structure designed to ensure stability of governance; and (ii) generation of own income through equity investments and loans to MFIs. The sustainability of future interventions should be enhanced by ensuring strengthened community ownership of water-harvesting infrastructures and by establishing contractual linkages in the value chain between producer associations and markets, which are expected to continue in the post-intervention period.

343. In terms of subsector focus, the selection of high-value agricultural commodities (coffee, honey and horticulture products) and fisheries would also appear to be appropriate owing to their significant growth and poverty-reduction potential for small-scale farmers, fishers and apiculture processors. Well-functioning, profitable coffee, honey and horticulture value chains might well provide a valid alternative to small farmers currently engaged in cultivating qat. For coffee, this has already been demonstrated through the pilot EOP project in Dhamar.

344. The associated potential risks of this innovative approach – in terms of the relatively complex institutional arrangements of the EOF, for example – must be borne in mind. This is all the more crucial as Yemen heads towards a period of uncertainty and instability that may well have a negative effect on government capacity, slow down economic reform and discourage investor confidence. The CPE also notes that, while the rationale for these innovations has been clearly set out in design documents, the IFAD/Government COSOP has not been formally revised.

345. The performance of IFAD-supported programme in Yemen has demonstrated **incremental improvements over the period evaluated**, including improvements in project management, and the performance of both IFAD and the Government of Yemen (see paragraphs 255-280).

346. The slow pace of project approval and implementation was a matter of concern for the earlier projects covered by this CPE. Poor fiduciary management combined with weak government capacity, limited interagency coordination and delays in counterpart funding have been recognized as key constraints in Yemen. In the period 2004-2006, three out of four ongoing IFAD interventions were classified as problem projects. However, over the last five years, both the Government and IFAD have responded well to implementation challenges: the selection of project managers has been improved (a key factor in project underperformance); withdrawal applications have been streamlined to speed up loan disbursements; the level and timeliness of government counterpart funding has been enhanced; and, in 2009, a comprehensive six-monthly IFAD/Government portfolio review was established. As a result, none of the ongoing projects/programmes is at risk, and the CPE notes improved efficiency. As projects/programmes came to maturity, and because of the application of PMD's new business model, aggregate IFAD loan disbursements increased by 50 per cent between 2008 and 2009.

347. While its performance was less than optimal in the earlier interventions covered by the CPE, IFAD has strengthened and improved its country programme management in Yemen over the last five years. A new country team appointed in 2008 is working to ensure close supervision and implementation support through frequent missions to the country, and has also introduced important innovations in the two most recent interventions. The entire portfolio (except RALP) is now under direct supervision and implementation support. The establishment of a country office in Sana'a, led by a national CPO, has contributed to IFAD's development effectiveness in Yemen both by providing adequate and timely support to supervision and by building up a strong relationship with the Government. On the other hand, despite a challenging country context, IFAD has not sufficiently recognized Yemen's level of fragility or adopted a differentiated design approach to respond to conflict circumstances in some parts of the country, including risk assessment built around this and/or the mobilization of experts with experience of peace-building and tribal affairs, and of working in conflict areas.

348. Partnership arrangements were also improved in the projects/programmes approved during the second half of the last decade. IFAD's range of partners in Yemen has been considerably widened and now includes the SFD (under RALP) and the MPWH (under CBRIP). The two newest interventions (EOP, FIP) have introduced a significant shift in the Fund's emphasis on partnering with the private sector, both in terms of management and in implementation.

349. IFAD's role as the Government's leading rural development partner (and the confidence it enjoys in terms of expertise and accumulated country experience) makes it well placed to advocate more strongly for rural poverty alleviation issues in the country, including closer cooperation with other donors beyond the various partnerships already established. Thanks to the presence of the CPO in Sana'a, IFAD now has a closer relationship with both the Government and other donors (an example here is the Fund's participation in the UN country team). On the other hand, as the CPO's time has been mainly taken up by portfolio supervision issues, the opportunity for IFAD to engage more actively and effectively in policy dialogue was not being fully exploited. In 2011 a Financial Management Officer was recruited, helping to reduce the CPO's workload and become actively involved in other issues.

## B. Recommendations

350. The findings and conclusions of the CPE form the basis of the following recommendations that will help inform the preparation of the next COSOP on Yemen.

351. **Development approach (see paragraphs 332-337).**<sup>154</sup> IFAD should continue to support social mobilization in the country's rural areas and strengthen the social and economic institutions of the poor to plan and manage their own development. This successful feature of IFAD's strategy in Yemen is highly appreciated both by the Government and by other partners in the country. However, while this aspect of IFAD's work is essential for the country's agriculture and rural development, it is not sufficient to sustainably alleviate rural poverty. Therefore the next COSOP will need to emphasize the expected economic orientations of interventions and support the creation of economic opportunities for the rural poor. This is already reflected in the strategic orientation and priorities of the EOP and FIP.

352. The CPE also recommends that more attention be paid to gender and youth as cross-cutting themes of the next country strategy. As women's seriously disadvantaged position remains a key challenge to the country's human development, IFAD should accord priority to promoting gender equity and women's empowerment across its entire Yemen portfolio, particularly with regard to addressing constraints to women's access to capital, land, knowledge and technologies, and strengthening their role in decision making. The Fund should continue to deploy women staff; strengthen project management's commitment to gender issues; ensure adequate levels of funding for gender-specific activities; and place greater emphasis on youth programmes (e.g. vocational training, access to microcredit, and support to microenterprises) as a way of tackling high youth unemployment.

353. **Subsector focus (see paragraphs 333, 339-342).** The next COSOP for Yemen should concentrate on a more manageable range of subsectors.<sup>155</sup> The CPE recommends that IFAD should continue to back rural finance by exploring two strategies: providing support for newly-created MFIs; and promoting the development of savings and credit associations. It also stresses the importance (in view of the erosion of scarce fertile soil and rapid depletion of water resources, aggravated by the effects of climate change) of greater investments in anti-erosion activities and water harvesting in rainfed areas, including terrace rehabilitation, upstream wadi protection and rehabilitation/ construction of water reservoirs for livestock consumption, domestic use and complementary irrigation. IFAD should also dedicate further effort to improve the efficiency of irrigation systems in order to boost agricultural productivity and minimize water losses. It should also continue to support water users' associations with regard to operation and maintenance. In terms of productive activities, IFAD should continue its support to developing the value chain for: (i) high-value commodities (e.g. coffee, honey, horticultural products) with the engagement of the private sector; and (ii) fisheries. Both sectors offer significant potential for poverty reduction and economic growth and, in the case of high-value crops, present alternatives to small farmers presently engaged in growing qat. Investments in fisheries should be also supported by sustainable fishery resources management.

354. **Geographic focus (see paragraph 336)** . IFAD should continue to concentrate its activities in places where the incidence of poverty is highest (western and coastal areas), while also taking

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<sup>154</sup> The reference to paragraphs leads the reader to corresponding sections in the conclusions of the CPE, which forms the basis for each recommendation.

<sup>155</sup> The new REP (currently being designed, not covered by the CPE) has pre-identified two sectors (textiles and natural stone) but will also maintain a substantial amount of support under an "open window" to allow flexibility in implementation and avoid problems of demand constraints and scaling-up restriction imposed by focusing on too narrow a range of subsectors.

advantage of potential economic opportunities.<sup>156</sup> This would include rainfed areas, irrigated land devoted to high-value commodities, and the coastal regions. While national-scale programmes would be a move in the right direction, a realistic indication should be given of the number of settlements to be covered by future projects/programmes.

**355. More prominent consideration of country context challenges in future strategy (see paragraphs 329, 346).** The CPE recommends that, in the context of its discussions with the Government on the next COSOP for Yemen, IFAD should have an ongoing assessment of its strategic direction in light of the current unstable political situation and the wide range of social, economic and security challenges facing the country. This would include various scenario settings and risk analysis. Consideration should be given inter alia to the adequacy of IFAD's operating model to respond to these challenges. For example, it is essential to mobilize experts in design, supervision and implementation who are experienced in peace-building and tribal affairs and accustomed to working in conflict areas.

**356.** Moreover, IFAD should give enhanced attention to supervision and implementation support for all ongoing projects/programmes in Yemen. This may incur additional budgetary allocations. This recommendation is particularly relevant to the new interventions, which are introducing highly innovative approaches as yet untested in Yemen. The enhanced attention to supervision should include inter alia the careful monitoring of work programmes, phasing of activities and periodic assessments of progress against key milestones. IFAD should also consider developing a contingency plan in the event of any severe disruption in the country's social, security or economic conditions.<sup>157</sup>

**357. Strengthened partnerships and coordination (see paragraph 338).** With the aim of achieving greater cohesion of programmes and competencies on the ground, IFAD will need to step up efforts with regard to mobilizing rural development partners and ensuring closer collaboration with other donors in Yemen. The Fund could achieve more by cooperating more closely with other donors operating in the country, such as UNDP and bilateral agencies. IFAD should also seek to ensure the presence of complimentary programmes in the same locations, including co-financing, which would have the advantage of making it possible to share responsibilities and avoid it straying too far from its core mandate. This could be achieved by improving IFAD advocacy and ensuring that, at early stages of project/programme design, it engages in discussion to identify areas of complementarity and possible cofinancing. The last three interventions approved have already led to significant improvements in this regard; close to US\$60 million in cofinancing has been secured from IDA/World Bank, Islamic Development Fund, European Union and local financing institutions.

**358. IFAD's role in strengthening government performance (see paragraphs 330, 333).** Despite some recent improvements, the poor overall level of government performance, as well as that of underdeveloped rural institutions needed to leverage policy-making and resource allocation in favour of the rural poor, means that IFAD will need to pay particular attention to institutional development. This should include action, at the central and governorate levels, to strengthen capacity to plan and implement rural development, and to provide training to improve technical capacity. Greater support to, and involvement of, groups of private-sector farmers will be needed in order to obtain better results.

**359. Policy dialogue (see paragraph 348).** IFAD should take advantage of its privileged position as the Government of Yemen's main development partner in rural poverty alleviation, and take a more

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<sup>156</sup> The targeting strategy of the new REP is as follows: "...governorates are selected based on the availability of economic sectors with comparative advantages and growth potential, the high incidence of poverty and unemployment, and their relatively high population densities". The EOP concentrates on western highlands coffee producing zones (focus on 133 settlements) and the FIP on coastal areas (focus on 12 landing sites).

<sup>157</sup> A Business Continuity Framework is already being developed based on a number of potential future scenarios.

prominent role in policy dialogue on key rural development issues. Such dialogue could cover the questions of subsidized diesel fuel for agriculture (often the biggest driver of water depletion, as it effectively lowers extraction costs and therefore farmers have no incentive to save water); equity improvement in spate irrigation; and rural finance. Policy dialogue on rural finance might, for example, involve the Government's policy, financial and supervisory framework to support the growth and sustainability of fledgling savings and credit associations. IFAD should also continue – by participating in the appropriate UN group – to assist the Government in developing a comprehensive long-term vision on qat that would address both supply and demand. The larger weight carried by IFAD as a result of working more closely with other donors would also contribute to more effective policy dialogue (on qat and other issues).

360. **Country programme management (see paragraphs 346, 348).** The CPE acknowledges IFAD's efforts to strengthen country management, including the active role played by the new country team and a country presence in Sana' headed by a CPO. Notwithstanding the foregoing, the CPE recommends that IFAD should consider strengthening its country presence to enable it both to participate more actively in policy dialogue with the Government and to strengthen its partnerships with other donors – two important areas for IFAD activities in Yemen. In addition to the contribution that the CPO makes to strengthening the partnership with government, the CPM's essential role in policy dialogue will need to be acknowledged and reflected as part of its specific objectives in the country.

Yemen CPE (Evaluation) Framework<sup>1</sup>

	Key Questions	Main sources of data and information
<b>Portfolio Performance</b>	<p style="text-align: center;"><b><u>Project Relevance</u></b></p> <ul style="list-style-type: none"> <li>• Are project objectives realistic and consistent with Yemen's national agriculture and rural development strategies and policies, the COSOP and relevant IFAD sector and subsector policies, as well as the needs of the rural poor?</li> <li>• Was the project design (including synergies among activities and services, financial allocations, project management and execution, supervision and implementation support, and monitoring and evaluation arrangements) appropriate for achieving the project's core objectives?</li> <li>• How coherent was the project in terms of its fit with the policies, programmes and projects undertaken by the Government and other development partners in Yemen?</li> <li>• Was the project design participatory in the sense that it took into consideration the inputs and needs of key stakeholders, including the Government, executing agencies, co-financiers and the expected beneficiaries and their grassroots organizations?</li> <li>• Did the project benefit from available knowledge (for example, the experience of other similar projects in the area or in the country) during its design and implementation?</li> <li>• Did project objectives remain relevant over the period of time required for implementation? In the event of significant changes in the project context or in IFAD policies, has design been retrofitted?</li> <li>• What are the main factors that contributed to a positive or less positive assessment of relevance?</li> </ul> <p style="text-align: center;"><b><u>Project Effectiveness</u></b></p> <ul style="list-style-type: none"> <li>• To what extent have the objectives of the project and its components been attained both in quantitative and in qualitative terms?</li> <li>• If the project is not yet complete, is it likely that so far unattained objectives may be accomplished in full/in part before its closure?</li> <li>• What factors in project design and implementation account for the estimated results in terms of effectiveness?</li> <li>• In particular, what changes in the overall context (e.g., policy framework, political situation, institutional set-up, economic shocks, civil unrest, etc.) have affected or are likely to affect project implementation and overall results?</li> </ul> <p style="text-align: center;"><b><u>Project Efficiency</u></b></p> <ul style="list-style-type: none"> <li>• What are the costs of investments to develop specific project outputs (e.g., what is the cost of constructing one kilometre of rural road)? The quality of works/supplies needs to be fully (and explicitly) recognized for such input/output comparisons.</li> <li>• Is the cost ratio of inputs to outputs comparable to local, national or regional benchmarks?</li> <li>• What are the loan costs per beneficiary (both at the time of appraisal and at the time of evaluation) and how do they compare to other IFAD-funded operations (or those of other donors) in the same country and/or other countries?</li> </ul>	<p>Government of Yemen Plans; IFAD project design documents, IFAD policy statements and Yemen COSOPs. Interviews with IFAD managers, Government of Yemen and project officials.</p> <p>Evaluations of completed projects, PCRs, Mid-term reviews and supervision reports, Country Portfolio Reviews. Surveys of project beneficiaries.</p> <p>Evaluations of completed projects, PCRs, Mid-term reviews and supervision reports. Surveys of project beneficiaries. Interviews with project managers.</p>

<sup>1</sup> The questions in the Appendix are essentially a generic list developed for all IFAD CPEs. While they are not all equally relevant in the Yemen case they provide a useful ex ante check-list and have therefore been included. In addition a number of specific issues that are of concern in the Yemen context have been added to the framework.

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	Key Questions	Main sources of data and information
<p><b>Portfolio Performance</b></p>	<ul style="list-style-type: none"> <li>• How does the economic rate of return at evaluation compare with project design?</li> <li>• What are the administrative costs per beneficiary and how do they compare to other IFAD-funded operations (or those of other donors) in Yemen or other countries, especially in Near East and North Africa Countries?</li> <li>• A number of IFAD projects have had substantial delays in effectiveness? What has been the cause of these delays and how costly have these delays been?</li> <li>• By how much was the original closing date extended, and what were the additional administrative costs that were incurred during the extension period?</li> <li>• What factors helped account for project efficiency performance?</li> </ul> <p align="center"><b><u>Rural Poverty Impact</u></b></p> <p><b>I. Household income and assets</b></p> <ul style="list-style-type: none"> <li>• Did the composition and level of household incomes change (more income sources, more diversification, and higher income)?</li> <li>• What changes are apparent in intra-household incomes and assets?</li> <li>• Did farm households' physical assets change (farmland, water, livestock, trees, equipment, etc.)? Did other household assets change (houses/pucca houses, bicycles, radios, television sets, telephones, etc.)?</li> <li>• Did households' financial assets change (savings, debt, borrowing, insurance)?</li> <li>• Were the rural poor able to access financial markets more easily?</li> <li>• Did the rural poor have better access to input and output markets?</li> <li>• Do the better health and education promoted by the programme allow the rural poor to obtain higher incomes and more assets?</li> </ul> <p><b>II. Human and social capital and empowerment</b></p> <ul style="list-style-type: none"> <li>• Did rural people's organizations and grassroots institutions (such as SHGs, water user groups) change?</li> </ul> <p>Were the SHGs established under the project effective in empowering women in the community and promoting gender equity?</p> <ul style="list-style-type: none"> <li>• Are changes in the social cohesion and local self-help capacities of rural communities visible?</li> <li>• To what extent did the project empower the rural poor vis-à-vis development actors and local and national public authorities? Do they play more effective roles in decision-making? Did the devolution process facilitated by the project?</li> <li>• Were the rural poor empowered to gain better access to the information needed for their livelihoods?</li> <li>• Did the rural poor gain access to better health and education facilities?</li> </ul> <p>Two important social areas – youth and migration – have not figured prominently in IFAD's programme in Yemen. Should there have been a greater effort to integrate these issues into the programme?</p> <p><b>III. Food security and agricultural productivity</b></p> <ul style="list-style-type: none"> <li>• Did cropping intensity change? Was there an improvement in land productivity and, if so, to what extent? Did the returns to labour change? How many tribal households have transferred from subsistent shifting cultivation to economic agricultural activities?</li> <li>• Did children's nutritional status change (e.g. stunting, wasting, underweight)?</li> </ul>	<p>Evaluations of completed projects, PCRs, Mid-term reviews and supervision reports. Surveys of project beneficiaries. Special Performance Assessment DPRDP. Interviews with beneficiaries and project managers.</p>

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	Key Questions	Main sources of data and information
<p><b>Portfolio Performance</b></p>	<ul style="list-style-type: none"> <li>• Did household food security change?</li> <li>• To what extent did the rural poor improve their access to input and output markets that could help them enhance their productivity and access to food?</li> </ul> <p><b>IV. Natural resources and the environment</b></p> <ul style="list-style-type: none"> <li>• Did the status of the natural resources base change (land, water, forest, pasture, fish stocks, etc.)? In tribal development, how many shifting cultivation land were treated with sound conservation measures?</li> <li>• Did local communities' access to natural resources change (in general and specifically for the poor)?</li> <li>• Has the degree of environmental vulnerability changed (e.g., exposure to pollutants, climate change effects, volatility in resources, potential natural disasters)?</li> </ul> <p>Have the projects facilitated the implementation of policies and legislation such as those relating to the access of the poor to natural resources, adaptation to climate change, and the protection of biodiversity?</p> <p><b>V. Institutions and policies</b></p> <ul style="list-style-type: none"> <li>• Were there any changes in rural financial institutions (e.g., in facilitating access for the rural poor)?</li> <li>• How did public institutions and service delivery for the rural poor change?</li> <li>• What improvements were discernable in local governance, including the capacity and role of government departments, NGOs, the private sector, and elected bodies and officials?</li> <li>• Were there any changes in national/sectoral policies affecting the rural poor?</li> <li>• Did the regulatory framework change insofar as its impact on the rural poor?</li> <li>• Did market structures and other institutional factors affecting poor producers' access to markets change?</li> </ul> <p><i>Note: For each domain, the evaluation should describe the impact achieved and also the underlying reasons (i.e., the "why" factor) behind the observed or expected changes.</i></p> <p align="center"><b><u>Project Sustainability</u></b></p> <ul style="list-style-type: none"> <li>• Was a specific <i>exit strategy</i> or approach prepared and agreed upon by key partners to ensure post project sustainability?</li> <li>• What are the chances that benefits generated by the project will continue after project closure, and what factors militate in favour of or against maintaining benefits? What is the likely resilience of economic activities to shocks or progressive exposure to competition and reduction of subsidies?</li> </ul> <p>How robust are the institutions that have been established under IFAD projects, and are they likely to be able to ensure the continuation of benefits to the rural poor?</p> <ul style="list-style-type: none"> <li>• Is there a clear indication of government commitment after the loan closing date, for example, in terms of provision of funds for selected activities, human resources availability, continuity of pro-poor policies and participatory development approaches, and institutional support? Did the IFAD project design anticipate that such support would be needed after loan closure?</li> </ul>	<p>Visits to sites of completed projects and interviews with beneficiaries and project managers. In selected cases consideration will be given to commissioning new surveys.</p>

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	Key Questions	Main source of data and information
<p><b>Portfolio Performance</b></p>	<ul style="list-style-type: none"> <li>• Do project activities benefit from the engagement, participation and ownership of local communities, grassroots organizations, and the rural poor?</li> <li>• Did the NGOs involved continue their support to village organizations after project closure?</li> <li>• Are adopted approaches technically viable? Do project users have access to adequate training for maintenance and to spare parts and repairs?</li> <li>• Are the ecosystem and environmental resources (e.g. fresh water availability, soil fertility, and vegetative cover) likely to contribute to project benefits or is there a depletion process taking place?</li> </ul> <p>IFAD is one of the few agencies that has operated in conflict situations in Yemen. Are there lessons from IFAD's involvement in such situations?</p> <p align="center"><b><u>Innovations, Replication and Scaling up</u></b></p> <ul style="list-style-type: none"> <li>• What are the characteristics of innovation(s) promoted by the project or programme? Are the innovations consistent with the IFAD definition of this concept?</li> <li>• How did the innovation originate (e.g., through the beneficiaries, Government of Yemen, IFAD, NGOs, research institution, etc.) and was it adapted in any particular way during project/programme design?</li> <li>• Are the actions in question truly innovative or are they well-established elsewhere but new to the country or project area?</li> <li>• Were successfully promoted innovations documented and shared? Were other specific activities (e.g., workshops, exchange visits, etc.) undertaken to disseminate the innovative experiences?</li> <li>• Have these innovations been replicated and scaled up and, if so, by whom? If not, what are the realistic prospects that they can and will be replicated and scaled up by the Government, other donors and/or the private sector?</li> </ul> <p align="center"><b><u>Performance of Partners</u></b></p> <p><b>IFAD</b></p> <ul style="list-style-type: none"> <li>• Did IFAD mobilize adequate technical expertise in the project design?</li> <li>• Was the design process participatory (with national and local agencies, grassroots organizations) and did it promote ownership by the borrower?</li> <li>• Were specific efforts made to incorporate the lessons and recommendations from previous independent evaluations in project design and implementation?</li> <li>• Did IFAD adequately integrate comments made by its quality enhancement and quality assurance processes?</li> <li>• Did IFAD (and the Government) take the initiative to suitably modify project design (if required) during implementation in response to any major changes in the context, especially during the MTR?</li> <li>• What was the performance of IFAD in projects that are under direct supervision and implementation support? In the case of the supervision of a cooperating institution, how effective was IFAD in working with the institution to carry out the mandated task? In both cases, has IFAD exercised its developmental and fiduciary responsibilities, including compliance with loan and grant agreements?</li> </ul>	<p>Interviews with Government of Yemen and State and Local Governments. In depth reviews of project documents. Discussions with IFAD managers.</p> <p>Project design documents. Supervision reports. PCRs, Mid-term reviews, Completion evaluations, Interviews with partner agencies, Government of Yemen officials NGOs and IFAD managers.</p>

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	Key Questions	Main sources of data and information
<b>Portfolio Performance</b>	<ul style="list-style-type: none"> <li>• Was prompt action taken to ensure the timely implementation of recommendations stemming from the supervision and implementation support missions, including the MTR?</li> <li>• Did IFAD undertake the necessary follow-up to resolve any implementation bottlenecks?</li> <li>• Where applicable, what is the role and performance of IFAD’s country presence team in Yemen (including proxy country presence arrangements)? Did IFAD headquarters provide the necessary support to its country presence team, for example, in terms of resources, follow-up and guidance, adequate delegation of authority, and so on?</li> <li>• Has IFAD made proactive efforts to be engaged in policy dialogue activities at different levels in order to ensure, inter alia, the replication and scaling up of pro-poor innovations?</li> <li>• Has IFAD been active in creating an effective partnership and maintaining coordination among key partners to ensure the achievement of project objectives, including the replication and scaling up of pro-poor innovations?</li> <li>• Has IFAD, together with the Government, contributed to planning an exit strategy?</li> </ul> <p><b>Government of Yemen</b></p> <ul style="list-style-type: none"> <li>• Has the Government assumed ownership and responsibility for the project? Judging by its actions and policies, has the Government, including national, state and local governments, been fully supportive of project goals?</li> <li>• Has adequate staffing and project management been assured? Have appropriate levels of counterpart funding been provided on time?</li> <li>• Has project management discharged its functions adequately, and has the Government provided policy guidance to project management staff when required?</li> <li>• Did the Government ensure suitable coordination of the various departments involved in execution?</li> <li>• Has auditing been undertaken in a timely manner and have reports been submitted as required?</li> <li>• Did the Government (and IFAD) take the initiative to suitably modify the project design (if required) during implementation in response to any major changes in the context?</li> <li>• Was prompt action taken to ensure the timely implementation of recommendations from supervision and implementation support missions, including the MTR?</li> <li>• Has an effective M&amp;E system been put in place and does it generate information on performance and impact which is useful for project managers when they are called upon to take critical decisions?</li> <li>• Has the Government (and IFAD) contributed to planning an exit strategy and/or making arrangements for continued funding of certain activities?</li> <li>• Have loan covenants and the spirit of the loan agreement been observed?</li> <li>• Has the Government facilitated the participation of NGOs and civil society where appropriate?</li> <li>• Have the flow of funds and procurement procedures been suitable for ensuring timely implementation?</li> <li>• Has the Government engaged in a policy dialogue with IFAD concerning the promotion of pro-poor innovations?</li> </ul>	<p>. Project design documents. Supervision reports. PCRs, Mid-term reviews, Completion evaluations, Interviews with partner agencies, Government of Yemen officials NGOs and IFAD managers.</p>

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	Key Questions	Main sources of data and information
<b>Portfolio Performance</b>	<p><b>Cooperating Institution</b>  <b>Should there have been greater involvement of partners such as the UN agencies and other development agencies in the design, financing and implementation of the programme?</b></p> <ul style="list-style-type: none"> <li>• Has the supervision and implementation support programme been properly managed (frequency, composition, continuity)?</li> <li>• Has the cooperating institution complied with loan covenants?</li> <li>• Has the cooperating institution been effective in financial management?</li> <li>• Has the cooperating institution sought to monitor project impacts and IFAD concerns (e.g., targeting, participation, empowerment of the poor and gender aspects)?</li> <li>• Have implementation problems been highlighted and appropriate remedies suggested? Have the suggestions and related actions been followed in the next supervisions?</li> <li>• Has the cooperating institution promoted or encouraged self-assessment and learning processes?</li> <li>• Has the supervision process enhanced implementation and poverty impacts?</li> <li>• Has the cooperating institution been responsive to requests and advice from IFAD when carrying out its supervision and project implementation responsibilities?</li> </ul> <p><b>Community-Based Organizations (CBOs) and NGOs</b></p> <ul style="list-style-type: none"> <li>• How effectively have NGOs fulfilled their contractual service agreements?</li> <li>• Have NGOs/CBOs acted to strengthen the capacities of rural poor organizations?</li> <li>• Did NGOs/CBOs contribute to the sustainability of project activities?</li> </ul>	<p>Interviews with representatives of cooperating institutions. PCRs, Mid-term Reviews and evaluations of completed projects.</p>
<b>Non-lending activities</b>	<p align="center"><b>Relevance</b></p> <ul style="list-style-type: none"> <li>• Are policy dialogue, partnership-building, and knowledge management objectives clearly outlined in the COSOP? Are they in line with the needs of the poor and are they consistent with the strategic objectives of the COSOP and lending operations, as well as with the Government's priorities?</li> <li>• Do the selected non-lending activities provide sufficient support for country programme objectives as per COSOP, as well as the loan portfolio in the country?</li> <li>• Were resources earmarked for non-lending activities and explicitly outlined in the COSOP (e.g., in the form of grants and/or the IFAD administrative budget)?</li> <li>• Was the selected mix of policy dialogue, partnership-building and knowledge management appropriate and relevant?</li> <li>• Were the advisory services delivered by other partners taken into account in selecting the focus of non-lending work?</li> </ul>	<p>Review of IFAD documentation on non-lending activities. Discussions with counterparts responsible for implementing these activities.</p>

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	Key Questions	Main sources of data and information
<b>Non-lending activities</b>	<p align="center"><b><u>Effectiveness</u></b></p> <ul style="list-style-type: none"> <li>• Describe the extent to which non-lending activities achieved their objectives if they were explicitly articulated.</li> <li>• How did non-lending activities contribute to the replication and scaling up of innovation promoted by IFAD?</li> <li>• Has IFAD systematically engaged in and contributed to the deliberations of donor working groups related to agriculture, food issues and rural development?</li> <li>• How much progress has been made as a result of non-lending activities in furthering the application of the provisions contained in the Paris Declaration on Aid Effectiveness in terms of ownership, alignment, donor coordination and harmonization, managing for results and mutual accountability?</li> <li>• With regard to knowledge management, was the COSOP's strategic objectives and project design and implementation properly informed by IFAD experiences in Yemen and elsewhere?</li> <li>• Were the most appropriate approaches deployed to achieve the desired results?</li> <li>• What have been the roles of the IFAD country representative, where applicable, and of the main government institutions in making non-lending services effective?</li> </ul> <p align="center"><b><u>Efficiency</u></b></p> <ul style="list-style-type: none"> <li>• Could alternative instruments and activities be implemented to reduce costs in non-lending activities?</li> <li>• What were the costs of the different types of non-lending activities and how do they compare to IFAD benchmarks (where available)?</li> <li>• Was the administrative burden on country officials minimized?</li> </ul>	

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	Key Questions	Main sources of data and information
<p><b>COSOP Performance</b></p>	<p align="center"><u>Relevance</u></p> <p><b>Assessment of the alignment of strategic objectives</b></p> <ul style="list-style-type: none"> <li>• Were the objectives set out in the COSOP consistent with the overarching objectives of the prevailing IFAD strategic framework and relevant corporate policies?</li> <li>• Were the strategic objectives identified in the COSOP consistent with the Government’s strategies and policies, such as the PRSP and agricultural sector framework, for agriculture and rural development as well as economic and social development?</li> <li>• Were the strategic objectives clearly defined and suitable for achieving sustainable rural poverty reduction? Was the basic approach adopted by IFAD, focused on support for women and socially excluded groups, too narrowly defined in terms of a broad strategy for rural poverty reduction? Should there have been an attempt to encompass issues such as youth, migration and addressing conflict in the rural areas?</li> <li>• Did the poverty analysis (economic and sector work) provide an adequate basis for the development of overall strategy; including the selection of the main elements of the COSOP (refer to Evaluation Manual)?</li> <li>• Are the strategic objectives aligned with the priorities of other bilateral and multilateral donors working in agriculture and rural development in the same country? If other donors pursued other priorities, should they have been convinced to align with IFAD?</li> </ul> <p><b>Evaluating the coherence of the main elements of the COSOP</b></p> <ul style="list-style-type: none"> <li>• Did the strategy succinctly articulate IFAD’s comparative advantage and competencies in the country (i.e., country positioning)?</li> <li>• Were the target groups clearly identified in terms of the nature of the assistance that IFAD would provide?</li> <li>• Did IFAD select the most appropriate subsectors for investments?</li> <li>• Were the geographic priorities defined in the strategy consistent with the definition of the target groups?</li> <li>• Were the main partner institutions (e.g., for project execution, supervision and implementation support, community mobilization, co-financing) the correct ones for meeting the country strategy objectives?</li> <li>• Were specific objectives defined and resources allocated for non-lending activities, including policy dialogue, partnership-building and knowledge management?</li> <li>• Were appropriate synergies foreseen within and among investment activities and between lending and non-lending activities? That is, did IFAD’s overall assistance constitute a coherent country programme? For example, in terms of supervision and implementation support, the roles of the country programme management team and country presence arrangements. Country positioning is a measure of how well the organization responded to (or even anticipated) the evolving development challenges and priorities of the Government, built on the organization's comparative advantages, and designed its country strategies and programmes in a manner that took into consideration the support available from other development partners.</li> <li>• Did IFAD assess the extent to which the global policy environment (trade, migration, etc.) and exogenous factors (e.g., climate change, exposure to natural disasters) should guide the choice of lending and non-lending instruments and the priorities for IFAD engagement through lending and non-lending services?</li> </ul>	<p>COSOPs 1997, 2000, 2007. IFAD Policies Key Yemen policy and strategic documents. Interviews with Government of Yemen and IFAD managers.</p>

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	Key Questions	Main sources of data and information
<b>COSOP Performance</b>	<p><b>Country programme management and COSOP management</b></p> <ul style="list-style-type: none"> <li>• Did the Fund and Government of Yemen select appropriate supervision and implementation support arrangements?</li> <li>• How did country presence support the COSOP strategic objectives? Was the most suitable country presence arrangement established in the country?</li> <li>• Were lessons learned and recommendations set forth in independent evaluations properly reflected in the country strategy?</li> <li>• Were sufficient administrative and human resources made available for the implementation of the country strategy by both IFAD and the Government?</li> <li>• Did the CPM and country Programme officer have appropriate skills and competencies to promote the policy dialogue and partnership-building objectives identified in the COSOP?</li> <li>• What is the quality of the COSOP results management framework, project status reports, and aggregated RIMS reports and country programme sheets? Were Management actions in connection with this information system appropriate?</li> <li>• Was the COSOP monitoring and evaluation performed properly? Were annual country programme reviews undertaken in a timely manner and were the corresponding recommendations implemented within the required time frames?</li> <li>• As the COSOP is dynamic, was it modified to reflect changes at the country level?</li> <li>• Did the CPMT concept function appropriately and make the required contribution to country programme management?</li> </ul> <p align="center"><b><u>Effectiveness</u></b></p> <ul style="list-style-type: none"> <li>• To what extent were the main strategic objectives included in the COSOP achieved?</li> <li>• If a new COSOP is not yet foreseen, is it likely that so far unattained objectives may be achieved in full or in part?</li> <li>• What changes in the context have influenced or are likely to influence the fulfilment of the strategic objectives? Was the COSOP properly adapted mid-course to reflect changes in the context?</li> <li>• Did the Fund devote sufficient attention and resources to promoting effectiveness?</li> </ul>	

## APPENDIX 2

**Definition of the Evaluation Criteria used by the Independent Office of Evaluation of IFAD**

<b>Criteria</b>	<b>Definition<sup>a</sup></b>
<b>Project performance</b>	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project coherence in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
<b>Rural poverty impact<sup>b</sup></b>	
	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
Household income and assets	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
Human and social capital and empowerment	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
Food security and agricultural productivity	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
Natural resources and the environment and climate change	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment. It also assesses any impacts projects may have in adapting to and/or mitigating climate change effects.
Institutions and policies	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
<b>Other performance criteria</b>	
Sustainability	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
Promotion of pro-poor innovation, replication and scaling up	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) replicated and scaled up by government authorities, donor organizations, the private sector and others agencies.
Gender	The criterion assesses the efforts made to promote gender equality and women's empowerment in the design, implementation, supervision and implementation support, and evaluation of IFAD-assisted projects.
<b>Overall project achievement</b>	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
<b>Performance of partners</b>	
IFAD Government Cooperating institution NGO/Community-based organization	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.

<sup>a</sup> These definitions have been taken from the Organization for Economic Co-operation and Development/Development Assistance Committee Glossary of Key Terms in Evaluation and Results-Based Management and from the IFAD Evaluation Manual (2009).

<sup>b</sup> It is important to underline that the IFAD Evaluation Manual also deals with the "lack of intervention". That is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.

**APPENDIX 3****Bibliography****IFAD DOCUMENTATION****Project related Documentation**

A comprehensive list of project documents for the CPE team to review will be developed by IOE.

**IFAD Strategy/Policy**

Strategic Framework, 2007-2010  
 Land policy – 2008  
 Innovation strategy – 2007  
 Knowledge management strategy –2007  
 Rural finance policy – 2000 and 2009 update  
 COSOPs – 1997, 2000, 2007  
 Anti-corruption policy – 2005  
 Rural enterprise policy – 2004  
 Evaluation policy – 2003

**Evaluations Documents**

Field Presence Pilot Programme – 2007  
 IFAD's Regional Strategy for Asia and the Pacific – 2006.  
 Direct Supervision Pilot Programme – 2005  
 Organic Agriculture – 2005  
 Local Knowledge and Innovations – 2004  
 Rural Finance – 2007  
 Independent external evaluation-2005  
 Interim Evaluation of the Tihama Environment Protection Project. Independent Office of Evaluation. IFAD (2003)  
 MTE – Agricultural Support Services Project (1984)  
 CE – Raymah Area development Project (2009)  
 CPE (1992)  
 IFAD's Regional Strategy for NENA (July 2008)

**Other documents from Independent Office of Evaluation**

IFAD (2009). Evaluation Manual: Process and Methodologies. Independent Office of Evaluation

**OTHER RELEVANT DOCUMENTATION****Government of Yemen documents**

Centre of Natural Resources, (2007). The Agricultural Map in Yemen. Ministry of Agriculture Yemen  
 Ministry of Planning and Development: 'Five Year Development 1996-2000' Sana'a 1996

MOPIC (2006). Millennium Development Goals Needs Assessment – Yemen Country Report  
MOPIC (2009). The mid-term review of the 3<sup>rd</sup> Socio-Economic Development Plan for  
Poverty Reduction 2006-2010  
Report on the Mid Term Review of the 3<sup>rd</sup> Socio-Economic Development Plan for Poverty  
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#### **Other documents**

Economist Intelligence Unit (2008) Yemen Country Report  
IMF (2005). Republic of Yemen: statistical appendix  
IMF (2007). Republic of Yemen: statistical appendix  
UNDP (2003). Millennium Development Goals Progress Report 2003  
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Yemen  
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the Republic of Yemen for the Period 2006 – 2009. World Bank  
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### The implementation periods of YEMEN Projects

No.	Project title	year scale																							
		1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1	Tihama Environment Protection Project	A	E																CPE						
2	Southern Governorates Rural Development Project					A	E																		
3	Raymah Area Development Project					A	E																		
4	Al-Mahara Rural Development Project							A	E																
5	Dhamar Participatory Rural Development Project																								
6	Al-Dhala Community Resource Management Development Project																								
7	Pilot Community-Based Rural Infrastructure Project In Highland Areas																								
8	Rainfed Agriculture and livestock Project (RALP)																								
9	Economic Opportunities Programme (EOP)																								
10	Fisheries Investment Project (FIP)																								

A: Approval  
 E: Effectiveness  
 C: Completion



**List of IFAD Loans to Yemen, 1979-2009**

Project Name	Project Type	Total Project Cost US\$ million	IFAD Approved Financing US\$ million	Cofinancier Amount US\$ million	Counter-part Amount US\$ million	Board Approval	Loan Effectiveness	Project Completion Date	Cooperating Institution	Project Status
1. Tihama Development Project III (Wadi Mawr)	AGRIC	87.6	12.0	3.0 (EU) 8.4 (Germany/ KfW) 12.7 (Kuwait/ FAED) 3.2 (UK/DfID) 15.0 (World Bank: IDA)	33.3	26 Mar 79	29 Feb 80	31 Mar 88	World Bank: IDA	Closed
2. Southern Uplands Rural Development Project Phase II	RURAL	81.7	14.0	6.0 (Switzerland/SDC) 10.0 (UE/Abu Dhabi) 17.0 (World Bank: IDA)	34.7	17 Sep 80	23 Jun 81	31 Dec 84	World Bank: IDA	Closed
3. Agricultural Support Services Project	AGRIC	14.6	9.8	-----	4.8	05 Dec 80	14 May 81	31 Dec 85	AFESD	Closed
4. Wadi Beihan Agricultural Development Project	AGRIC	18.1	6.0	8.0 (World Bank: IDA)	4.1	08 Sep 81	16 Apr 82	30 Jun 88	World Bank: IDA	Closed
5. Agricultural Research and Development Project	RSRCH	32.4	5.8	8.9 (Italy) 6.0 (World Bank: IDA)	11.7	15 Sep 82	01 Dec 83	30 Jun 91	World Bank: IDA	Closed
6. Third Fisheries Development Project	FISH	21.4	5.0	8.6 (AFESD) 3.4 (EU) 6.0 (World Bank: IDA)	7.0	15 Sep 82	25 Feb 83	31 Dec 88	World Bank: IDA	Closed
7. Central Highlands Agricultural Development Project	RURAL	20.0	4.0	1.0 (UK/DfID) 8.0 (World Bank: IDA)	7.0	12 Sep 84	02 May 85	31 Dec 91	World Bank: IDA	Closed
8. Southern Regional Agricultural Development Project	AGRIC	28.5	2.5	0.0 (AGFUND) 5.8 (Switzerland/SDC) 12.3 (World Bank: IDA)	7.9	29 Apr 87	03 Jun 88	30 Jun 96	World Bank: IDA	Closed
9. Eastern Regional Agricultural Development Project	AGRIC	24.5	10.5	6.0 (IsDB) 0.5 (UNDP) 0.5 (WFP)	7.0	15 Sep 88	22 Sep 89	31 Dec 97	AFESD	Closed

Project Name	Project Type	Total Project Cost US\$ million	IFAD Approved Financing US\$ million	Cofinancier Amount US\$ million	Counterpart Amount US\$ million	Board Approval	Loan Effectiveness	Project Completion Date	Cooperating Institution	Project Status
10. Agricultural Credit Project	CREDI	42.3	15.0	19.0 (AFESD)	5.6 (Beneficiaries) 2.7 (Domes. Fin. Inst.)	07 Dec 89	28 Mar 91	30 Jun 98	AFESD	Closed
11. Fourth Fisheries Development Project	FISH	39.8	6.5	16.3 (EU) 13.1 (World Bank: IDA)	3.9	02 Oct 90	07 Aug 92	31 Mar 99	World Bank: IDA	Closed
12. Tihama Environment Protection Project	AGRIC	11.7	9.8	0.1 (UNDP)	1.8	07 Apr 93	21 Nov 95	31 Dec 02	UNOPS	Closed
13. Southern Governorates Rural Development Project	IRRIG	38.4	11.3	19.7 (World Bank: IDA)	4.0 (Beneficiaries) 3.4 Gov. (National)	11 Sep 97	01 Jul 98	30 Jun 05	World Bank: IDA	Closed
14. Raymah Area Development Project	RURAL	17.0	12.1	1.0 (to be determined)	1.1 (Beneficiaries) 2.8 Gov. (National)	04 Dec 97	10 Jul 98	31 Dec 07	UNOPS	Closed
15. Al-Mahara Rural Development Project	AGRIC	17.8	12.2	0.7 (UNDP)	1.9 (Beneficiaries) 0.8 (Domes. Fin. Inst.) 2.2 Gov. (National)	09 Dec 99	26 Jul 00	30 Sep 09	UNOPS	Completed
16. Dhamar Participatory Rural Development Project	RURAL	24.0	14.0 7.5*	0.0(Netherlands) 0.0(WFP)	0.6 (Beneficiaries) 1.5 Gov. (National)	05 Sep 02	12 Jul 04	30 Dec 12 11**	IFAD/IFAD	Ongoing
17. Al-Dhala Community Resource Management Development Project	RURAL	22.8	14.3	---	4.6 (Beneficiaries) 0.2 (Domes. Fin. Inst.) 3.7 Gov. (National)	09 Sep 04	26 Feb 07	31 Mar 14	IFAD/IFAD	Ongoing
18. Pilot Community-Based Rural Infrastructure Project In Highland Areas	RURAL	14.0	1.8 DSF Grant 0.4 IFAD Grant 9.0 IFAD Loan 1.8 (IFAD Loan Grant )	---	0.4 (Beneficiaries) 0.6 Gov. (National)	19 Apr 05	01 Mar 07	30 Sept 2013***	IFAD?IFAD	Ongoing
19. Rainfed Agriculture and livestock Project	RURAL	42.2	16.6	19.6 (World Bank: IDA)	5.6 (Beneficiaries) 0.4 Gov. (National)	12 Sep 07	03 Feb 09	31 Mar 14	World Bank: IDA	Ongoing

Project Name	Project Type	Total Project Cost US\$ million	IFAD Approved Financing US\$ million	Cofinancier Amount US\$ million	Counter-part Amount US\$ million	Board Approval	Loan Effectiveness	Project Completion Date	Cooperating Institution	Project Status
<b>20. Economic Opportunities Programme</b>	AGRIC	38.6	12.9	10.5 (IsDB) 9.7 (EU)	1.0 (Beneficiaries) 2.2 (Domes. Fin. Inst.) 1.0 (Other domestic) 1.2 Gov. (National)	22 Apr 10	9 Dec 10	31 Dec 16	IFAD/IFAD	Ongoing
<b>21. Fisheries Investment Project</b>	TBD	30.9	9.1	11.3 (IsDB) 5.3 (EU)	1.5 (Beneficiaries) 0.8 (Domes. Fin. Inst.) 2.8 (Other domestic) 0.1 Gov. (National)	15 Dec 10	15 Mar 2011	--	IFAD/IFAD	Not signed
<b>TOTAL</b>		668.3	223.9	276.6	175.9					

\* Supplementary USD 7.5 mill (as per modification of loan agreement in December 2009).

\*\*Extended from 30 Sept 2011(as per modification of loan agreement in December 2009).

\*\*\* Extended from 31 Mar 11

Projects 12-21(in bold) will be covered by the CPE

**List of Grants (\*) to Yemen**

Grant No.	Grant Name	Acronym	Grant Amount	Approval	Agreement	Effectiveness	Closing Date	Status
<b>Project start-up grants</b>								
1061	Southern Governorates Rural Development Project	G-I-44-YE	75 000	11 Sep 97		01 Jul 98	31 Dec 98	
1075	Raymah Area Development Project	G-I-137-YE	75 000	04 Dec 97		10 Jul 98		
1075	Raymah Area Development Project	G-I-45-YE	75 000	04 Dec 97		10 Jul 98		
1095	Al-Mahara Rural Development Project	G-I-83-YE	75 000	09 Dec 99		26 Jul 00		
1195	Dhamar Rural Development Project	G-I-139-YE	100 000	05 Sep 02				
786	Pilot Community-Based Rural Infrastructure Project for highlands Areas	G-I-669-YE	402 300	19 Apr 05		01 Mar 07	30 Sep 11	ongoing
330	Tihama Environment Protection Project	G-I-6-YE	100 000	07 Apr 03		21 Nov 95	31 Mar 07	
<b>Country-specific grants</b>								
391	Integration of Yemen in NENAMTA Programme		607 000	04 Dec 97		04 Dec 97	30 Sep 10	
	COFIN Italian Supplementary Fund Grant to Assist IFAD projects to reach Rural Women in NENA countries	C IT 494A-YE	60 000		05 Apr 03	05 Apr 03		Closed (07 Sep 07)
	COFIN Japanese Supplementary Fund Grant to Assist IFAD projects to reach Rural Women in NENA countries	C JP 494B- YE	12 000			07 Aug 03	30 Jun 07	Closed (15 Feb 08)
DSF 8034	Strengthening the Institutional capacity of IFI coordination unit of Ministry of Planning & International Cooperation		180 000	21 Apr 09		21 May 09	30 Sept 11	Ongoing
DSF 8063	Enhancing the Loans and Grants Management Information System at country level		180 000	06 Aug 10		23 Aug 10	31 Dec 12	
<b>TOTAL</b>			<b>1 941,300</b>					

(\*) Not including grant funding for main project financing under DSF.

### List of Regional Grants to Yemen

Grant No.	Grant Name	Recipient	Grant Amount	Approval	Agreement	Effectiveness	Closing Date	Status
296	Establishment of the Near East and North Africa Management Training in Agriculture (NENAMTA)	NENAMTA	3 000 000 2 035 000	06 Dec 94		01 Apr 96	30 Jun 10	
952	Programme for Technology Transfer to Enhance Rural Livelihoods and Natural Resource Management in the Arabian Peninsula	ICARDA	1 500 000 3 885 804	18 Apr 07		28 Nov 07	30 Jun 13	Ongoing
1066	Understanding the impact of rising food prices on farming communities in the NENA	FAO	175 000	02 Dec 08		19 Feb 09	30 Sep 11	
1112	Knowledge Generation and Sharing Network in the NENA Region, Phase II	IDRC	1 500 000 1 400 000	30 Apr 09		26 Oct 09	31 Dec 13	
1176	Programme for Adaptation to Climate Change in Marginal Environments in W. Asia & N. Africa thru Sustainable Crop Livestock diversification	ICBA	1 400 000 4 200 000	17 Dec 09		25 Feb 10	30 Sep 14	
1215	Organization of the 3rd World Congress in Rural Finance by the 5 regional RACAS, Marrakesh Morocco 28-30 Oct 2010	NENARACA	60 000	03 Sep 10		15 Oct 10	31 Jan 12	
1229	Scaling-up Beekeeping and other livelihood options to strengthen farming systems in NENA and Eastern Africa	ICIPE	500 000 700 000	07 Oct 10		16 Dec 10	30 Jun 14	
<b>TOTAL</b>			<b>20 355,804</b>					

## APPENDIX 7

## CPE ratings for the IFAD-funded project portfolio

Evaluation Criteria	TEPP	SGRDP	RADP	AMRDP	DPRDP	ADCRMP	CBRIP	RALP <sup>a</sup>	EOP	FIP	CPE Portfolio Assessment
<b>Core Performance</b>											
Relevance	4	4	4	5	5	5	5	4	5	5	5
Effectiveness	4	3	3	4	5	5	4	4			4
Efficiency	3	3	3	3	4	4	3	4			3
<b>Project Performance</b>	<b>3.6</b>	<b>3.3</b>	<b>3.3</b>	<b>4</b>	<b>4.6</b>	<b>4.6</b>	<b>4</b>	<b>4</b>			<b>4</b>
<b>Impact</b>											
Household Income/Assets	3	4	4	4	5	4	3	3			4
Social capital/empowerment	4	3	3	5	5	5	5	4			5
Food Security/Agricultural Productivity	4	2	3	4	4	4 <sup>b</sup>	4	5			4
Natural Resources/Environment	4	3	2	4	4	5	4	4			4
Institutions/Policies	4	3	4	3	4	4	5	4			4
<b>Impact</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>			<b>4</b>
<b>Other Performance Criteria</b>											
Sustainability	3	4	2	3	4	4	4	4			4
Innovation/Replication/Scaling up	3	3	2	3	5	5	5	4			4
Gender											4
<b>Overall Project Portfolio Achievement</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>			<b>4</b>
<b>Partner Performance</b>											
IFAD	4	3	2	4	4	4	4	4			4
Government	3	3	2	4	4	4	4	4			4
Cooperating Institutions	4	3	2	4	4	4	4	4			4

a Scores here are based only on preliminary observation since the IFAD-funded component III of RALP has only recently begun implementation.

b This is for rural finance only – it is too soon to tell for other categories

**APPENDIX 8****Share of Rural Finance in IFAD Projects in Yemen**

<b>Id</b>	<b>Name</b>	<b>Board Approval</b>	<b>Loan Signing</b>	<b>Loan Effectiveness</b>	<b>Closing</b>	<b>IFAD (\$ Million)</b>	<b>IFAD Allocation for Rural Finance (\$ Million)</b>
330	TEPP	07 Apr 93	19 Oct 95	21 Nov 95	30 Jun 03	9.80	1.2
1061	SGRDP	11 Sep 97	15 Dec 97	01 Jul 98	31 Dec 05	11.28	
1075	RADP	04 Dec 97	15 Dec 97	10 Jul 98	30 Jun 08	12.10	2.65
1095	AMRDP	09 Dec 99	26 Jul 00	26 Jul 00	31 Mar 10	12.24	1.99
1195	DPRDP	05 Sep 02	18 Feb 03	12 Jul 04	30 June 13*	14.01	0.74
1269	ADCRMP	09 Sep 04	04 Mar 05	26 Feb 07	30 Sep 14	14.35	1.55
1293	CBRIP	19 Apr 05	01 Jun 06	01 Mar 07	30 Sep 11	12.90	
1403	RALP	12 Sep 07	21 Jan 08	03 Feb 09	30 Sep 14	16.58	4.98
1513	EOP	22 Apr 10	23 Jun 10	09 Dec 10-	30 Jun 17-	12.90	7.25
1387	FIP	15 Dec 10	-	-	-	9.11	5.67
	<b>TOTAL</b>					125.27	26.03

*Source: PPMS and Review of Documents by CPE Team*

Project name	Project number	Loan/DSF grant	Board approval	Loan signing	Loan eff.	First disb.	Original compl.	Current compl.	Current closing	Project status <sup>a)</sup>	Loan/DSF status <sup>a)</sup>	Appr. To agr.	Agr. To eff.	Eff. Lag <sup>b)</sup>	Impl. Lag <sup>c)</sup>	Ext.	Duration	per 100time overrun <sup>d)</sup>
TEPP	330	L330	07.04.93	19.10.95	21.11.95	20.05.96	31.12.00	31.12.02	30.06.03	CD	CD	30.4	1.1	31.5	6.0	1	7.1	39 per cent
SGRDP	1061	L454	11.09.97	15.12.97	01.07.98	25.05.99	31.12.03	30.06.05	31.12.05	CD	CD	3.1	6.5	9.6	10.8	1	7.0	27 per cent
RADP	1075	L456	04.12.97	15.12.97	10.07.98	27.11.98	31.12.05	31.12.07	30.06.08	CD	CD	0.4	6.8	7.2	4.6	2	9.5	27 per cent
AMRDP	1095	L528	09.12.99	26.07.00	26.07.00	11.10.00	30.09.07	30.09.09	31.03.10	CM	EF	7.6	0.0	7.6	2.5	1	9.2	28 per cent
DPRDP	1195	L594	05.09.02	18.02.03	12.07.04	20.12.04	30.09.11	31.12.12	30.06.13	OG	EF	5.5	16.8	22.2	5.3	1	8.5	17 per cent
		G8055	17.12.09	-	-	-	-	-	-	-	AP	-	-	-	-	-	-	-
ADCRMP	1269	L638	09.09.04	04.03.05	26.02.07	22.03.07	31.03.15	31.03.14	30.09.14	OG	EF	5.8	23.8	29.6	0.8	0	7.1	-12 per cent
CBRIP	1293	L669	19.04.05	01.06.06	01.03.07	15.10.07	31.03.11	31.03.11	30.09.11	OG	EF	13.4	9.0	22.4	7.5	0	4.1	0 per cent
		L773	17.12.08	06.04.09	06.04.09	29.10.09	31.03.11	31.03.11	30.09.11	-	EF	3.6	0.0	3.6	6.8	0	-	0 per cent
		G8027	17.12.08	06.04.09	06.04.09	29.10.09	31.03.11	31.03.11	30.09.11	-	EF	3.6	0.0	3.6	6.8	0	-	0 per cent
RALP	1403	L732	12.09.07	21.01.08	03.02.09	02.12.09	31.03.14	31.03.14	30.09.14	OG	EF	4.3	12.5	16.8	9.9	0	5.2	0 per cent
EOP	1513	G8061	22.04.10	23.06.10	-	-	-	-	-	NE	AP	2.0	-	-	-	-	-	-
FIP	1387	G8073	15.12.10															
Average Yemen												7.2	7.6	15.4	6.1			
Average NEN												3.3	8.3	11.6				
IFAD average												4.2	8.3	12.5				

a) CD=closed; CM=completed; OG=ongoing; EF=effective; NE=not effective; AP=approved

b) Effectiveness lag (in months) = [(Effectiveness date - Board approval date) / 365]\*12

c) Implementation lag (in months) = [(First disbursement date - Effectiveness date) / 365]\*12

d) Time overrun (percentage) = [(current project completion - effectiveness) / (original project completion - loan effectiveness)]

Source: PPMS/LGS

Effectiveness lag, implementation lag and time overrun

## APPENDIX 10

## Community Social Infrastructure

## Yemen CPE. Cost of Social Infrastructure

Type of Infra	TEPP	SGRDP	RADP	AMRDP	DPRDP	ADCRMP	CBRIP	Total	% of Total
Drinking Water Supply Schemes	1 000 000	3 500 000	1 168 036	2 138 943	2 005 017			9 811 996	40
Water Harvesting Cisterns			1 749 580					1 749 580	7
Schools		2 967 311		546 470	1 885 296			5 399 077	22
Health Units		400 000		187 145	410 560			997 705	4
Sewage System		250 000						250 000	1
Electricity Schemes		212 000	127 098	1 610 000				1 949 098	8
Private Water Harvesting Tanks						4 619 870		4 619 870	19
<b>Total USD</b>	<b>1 000 000</b>	<b>7 329 311</b>	<b>3 044 714</b>	<b>4 482 558</b>	<b>4 300 873</b>	<b>4 619 870</b>	<b>0</b>	<b>24 777 326</b>	<b>100</b>

## Yemen CPE. Cost of Productive Infrastructure

Type of Infra	TEPP	SGRDP	RADP	AMRDP	DPRDP	ADCRMP	CBRIP	Total	% of Total
Dams			1 769 200		1 169 976			2 939 176	9.0
Wells for green belts	1 215 000							1 215 000	3.7
Green Belts including cost of irrigation networks, serve roads and fencing	2 933 437							2 933 437	9.0
Roads	0	3 380 512	604 042	700 518	360 293		6 399 589	11 444 954	35.1
Women Centers, Buildings, Income generating Structures, markets		82 350	404 038	327 404		272 961		1 086 753	3.3
Asphaltic Road			2 107 371					2 107 371	6.5
Fisheries Structures				510 162				510 162	1.6
Private Water Harvesting Cisterns for Complementary Irrigation					208 156			208 156	0.6
Wadi Protection				205 196	186 232	16 281		407 709	1.2
Group Water Harvesting Tanks for complementary irrigation						66 079		66 079	0.2
Spate Works		4 668 558						4 668 558	14.3
Erosion Control works		4 435 340						4 435 340	13.6
Rehabilitation of Surdud Farm		446 500						446 500	1.4
Terraces Rehabilitation (Ha)					24 840	74 841		99 681	0.3
Irrigation Canal (LM)						61 080		61 080	0.2

<b>Total USD</b>	4 148 437	13 013 260	4 884 651	1 743 280	1 949 497	491 242	6 399 589	32 629 956	100.0
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## APPENDIX 11

## Republic of Yemen

## Country Programme Evaluation

## Approach Paper

## I. Introduction

1. As decided by the Executive Board, the Independent Office of Evaluation (IOE) of IFAD will undertake in 2010 a country programme evaluation (CPE) of the IFAD-Government of Yemen co-operation. This is the second CPE undertaken by IOE in Yemen since the inception of the Fund's establishment in 1979. The first CPE was completed in 1992. CPEs are normally conducted prior to the preparation of a new IFAD-Government co-operation strategy for the concerned country.<sup>1</sup>

2. The Yemen CPE will be conducted within the overall provisions contained in the IFAD Evaluation Policy<sup>2</sup> and follow IOE's methodology and processes for CPEs, as stipulated in the IOE evaluation manual.<sup>3</sup> The previous IOE evaluations of IFAD operations in Yemen as shown in Table 1 –will provide valuable evaluative evidence for the planned CPE.

**Table 1: Previous IOE Evaluations Relating to IFAD Operations in Yemen**

<i>Evaluation Type</i>	<i>Evaluations</i>
<i>Project evaluations</i>	<i>MTE – Agricultural Support Services Project (1984)</i>
	<i>IE – Tihama Environment Protection Project (2003)</i>
	<i>CE – Raymah Area development Project (2009)</i>
<i>Country Programme Evaluation</i>	<i>CPE (1992)</i>
<i>Corporate level evaluations including Yemen</i>	<i>IFAD Field Presence Pilot Programme (2007)</i>
	<i>IFAD's Regional Strategy for NENA (July 2008)</i>

## II. Country Context

3. The Republic of Yemen is at the south western corner of the Arabian Peninsula. Yemen's size is approximately 530,000 km<sup>2</sup> and it includes more than 200 islands with Socotra being the largest. The country is bordered by Saudi Arabia to the north, Oman to the east, the Arabian Sea to the south and the Red Sea to the west. The country is featured by a mountainous interior surrounded by narrow coastal plains to the west, south, and east and by upland desert to the north along the border with Saudi Arabia. It can be divided in four agro-ecological zones (the Highlands, the Eastern Plateau, the Tihama and the Coastal Area). The country has an advantageous position in the international shipping network and many international shipping lines pass through its main ports of Aden and Hodeida.

<sup>1</sup> IFAD's country strategy document is the COSOP, the results-based country strategic opportunities programme.

<sup>2</sup> Approved by the Fund's Executive Board in April 2003, see document EB2003/78/R.17/Rev. 1. Also available from the IFAD internet site: <http://www.ifad.org/evaluation/policy/index.htm>.

<sup>3</sup> Available from the IFAD Internet site: <http://www.ifad.org/gbdocs/eb/ec/e/informal/e/EC-2008-54-W-P-2.pdf>.

4. Yemen has a population of 23.6 million inhabitants<sup>4</sup> (second most populous country in the Arabian Peninsula). The large majority (69 per cent) lives in rural areas. Approximately 44 per cent of Yemenis are younger than 15, a reflection of the country's high population growth rate of 2.8 per cent per year. The total fertility rate is 5.1 lifetime births per woman, among the highest in the world. Yemen's population is one of the world's fastest growing and is expected to double to over 40 million within 20 years

5. The Republic of Yemen was formed in 1990 through the unification of the Yemen Arab Republic of the North and the People's Democratic Republic of Yemen in the South. The country is divided into one capital council and 21 governorates, representing 333 districts. The governors are currently appointed by the President. Fiscal decentralisation is still in its infancy and local councils have little power to impose taxes and over revenue expenditures.

6. Yemen is classified as a least developed country<sup>5</sup> by the United Nations and as a low income country according to the World Bank<sup>6</sup> classification based on Gross National Income (GNI) per capita. Latest data available on GNI per capita for Yemen is US\$960 in 2008,<sup>7</sup> the lowest in the Middle East and North Africa region. The public sector has significant human and institutional gaps, including limited skills among civil servants, institutional fragmentation of key functions of government and inadequate information systems.

7. **The economy.** Oil and agriculture are the two mainstays of Yemen's economy. Oil accounted for 92 per cent of export earnings<sup>8</sup> and close to 70 per cent of government revenue. This leaves the external and fiscal accounts highly vulnerable to fluctuations in global oil prices. Yemen's oil reserves are relatively small by Gulf standards, and output is declining. On current trends, Yemen is expected to have depleted its oil reserves within 12 years, although prospects for the gas sector look better. Notwithstanding the dominance of the oil sector in the overall economy, agriculture has traditionally been a key pillar of the domestic economy. Depending on rainfall patterns, agriculture traditionally constitutes around 20 per cent of Gross Domestic Product (GDP) and employs more than half of the economically active population.

8. Remittances represent an important source of income in Yemen, equivalent to around 7 per cent of GDP in the past few years. Latest data available from reports issued by Central Bank of Yemen in 2008 indicate an increase in the expatriates' transfers during 2008 to US\$1.4 billion compared to US\$1.3 billion. There are an estimated one million Yemeni emigrants abroad mostly in the Gulf states, Southeast Asia and the USA.

9. Since 2004, the Government of Yemen has made efforts to enhance the business environment and facilitate private sector-led economic diversification. A National Agenda for Reform (NAR) was introduced in 2006. The first three years of the NAR have brought important changes and Yemen was the top performer on the ease of starting a business in 2009 (but is still ranked 99th out of 183 countries in the 2010 *Doing Business* survey). Long term fiscal stability remains the main issue facing the government in the area of public finance because of the budget's heavy dependence from declining oil output and the substantial and growing domestic debt burden.<sup>9</sup>

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<sup>4</sup> UNFPA. State of the World Population, 2009.

<sup>5</sup> This classification is based on three criteria: GNI per capita, human assets and economic vulnerability. For more information see <http://www.un.org/esa/policy/devplan/profile/criteria.html>.

<sup>6</sup> The World Bank classifies member countries according to the value of GNI per capita calculated with the World Bank atlas method. Low income countries are those with a GNI per capita of less than US\$975.

<sup>7</sup> World Development Indicators 2010.

<sup>8</sup> World Development Indicators 2010.

<sup>9</sup> Mid Term Review of the 3rd Socio-Economic Development Plan for Poverty Reduction 2006-2010.

10. **Poverty.** Data on household poverty are available for year 1998 and 2005, in combination with the undertaking of Households Budget Surveys. In 2005 the national poverty headcount index was 34.8 per cent (down from 40.1 per cent in 1998) mainly due to a significant reduction in urban poverty, which shrunk from 32.3 to 20.7 per cent.<sup>10</sup>

<b>Governorate</b>	<b>Urban</b>	<b>Rural</b>	<b>Total</b>
Ibb	16.36	32.84	30.07
Abyan	31.37	50.44	45.68
Sana'a City	14.98	0.00	14.98
Al-Baida	16.72	59.76	51.85
Taiz	23.66	41.51	37.80
Al-Jawf	32.57	52.63	49.58
Hajja	20.90	50.02	47.53
Al-Hodeida	21.58	36.43	31.72
Hadramout	31.45	39.17	35.59
Dhamar	29.73	25.28	25.84
Shabwah	39.44	56.80	54.13
Sa'adah	18.18	16.23	16.55
Sana'a Region	---	28.13	28.13
Aden	16.88	---	16.88
Laheg	22.90	49.49	47.20
Mareb	17.95	50.05	30.75
Al-Mahweet	21.90	31.48	30.75
Al-Mahara	11.40	6.29	8.85
Amran	33.93	70.60	63.93
Raymah	5.38	35.32	34.07
All Yemen	20.7	40.09	34.78

Source: Poverty Assessment (2007).

11. Based on latest poverty estimates, in Yemen the large majority of the poor (84 per cent) live in rural areas. Rural poverty in 2005 was 40.1 per cent, showing only slight decline from 42.5 per cent in 1998. As far as geographic distribution, poverty in Yemen is characterised by a strong regional dimension, with large differences in poverty levels found among governorates: in 2005 poverty is highest in the rural areas of Amran governorate, where 71 per cent of Amran's rural population is poor. The incidence of poverty is the lowest in Al-Mahara and Sana'a City governorate. The rural areas of Hajja, Taiz and Al-Hodeida (in the western part of the country) concentrate about one-third of the rural poor. Despite overall improvement in national poverty levels inequality remains high and even increased in the period 1998-2005 (the Gini coefficient went up from 35.7 to 41.1).

12. In terms of human development, according to the Human Development Index (HDI) Yemen is ranked in the group of countries with a medium HDI – ranking 140<sup>th</sup> among 182 countries.<sup>11</sup> Overall, between 1995 and 2007 Yemen's HDI rose by 1.36 per cent annually – from 0.486 to 0.575 today – that corresponded to an improvement in its ranking from the 151<sup>st</sup> to the 140<sup>th</sup> position. During this period, Yemen has achieved progress in a number of areas such as life expectancy (from 42 years in 1970 to 62 in 2005), and basic education enrolment (from 3 million in 1996 to 4.3 million in 2007), even though these figures still remain quite low. Women fare worse than men on all human development indicators except for live expectancy at birth. The comparison of the Gender-related

<sup>10</sup> The poverty line is calculated based on the food and non-food items, differentiated among regions and according to the rural-urban classification. For 2005, the average poverty line for rural and urban households is 5,377 and 5,667 Yemeni rials per capita per month respectively.

<sup>11</sup> UNDP, Human Development Report 2009.

Development Index (GDI) with the HDI shows that Yemen belongs to the group of countries with the higher degree of gender disparity in human development.<sup>12</sup>

13. **Agriculture.** From 2000 to 2005, agriculture was the main source of income for 74 per cent of the population, constituted 21 per cent of GDP, employed 31 per cent of the labour force, and accounted for 57 per cent of non-oil exports.<sup>13</sup> However, the share of agriculture in GDP has been declining steadily, from 30 per cent in the early 1990s to 20 per cent in 2006.

14. Approximately 2.5 per cent of the country's total land is classified as arable land (around 1.5 million hectares). In 2008, about 94 per cent of arable land was cultivated (1.37 million hectares), of which cereals accounted for 55 per cent, fruits and vegetables 13 per cent, fodder crops 11 per cent, qat 11 per cent, other cash crops (coffee, cotton, sesame, tobacco) 6 per cent and legumes 3 per cent. Grazing land is estimated to extend over 20 million hectares. Farm sizes are small, averaging about 1 ha, and most farmers use traditional methods. Only 4 per cent of the farmers cultivate more than five hectares.<sup>14</sup>

15. More than half (about 51 per cent) of cultivated land is rainfed. For the rest, 30 per cent is irrigated using groundwater pumped from wells, 10 per cent is under spate irrigation, 6 per cent is irrigated from dams, and 3 per cent is irrigated by other sources Well irrigation made it possible to expand cultivated areas, but groundwater tables are rapidly declining.

16. The development of the agriculture sector faces a number of constraints. The greatest problem for Yemen agriculture is the scarcity of water. Yemen is categorised as a water-poor country: the per capita share of recoverable water resources is 137 m<sup>3</sup> that negatively compares to the water poverty line of 1,000 m<sup>3</sup>. Yemeni agriculture use more than 90 per cent of the country's available water. As a result of low levels of rainfall, agriculture relies heavily on the extraction of groundwater. Because of the protracted drought during recent years, the water stored in aquifers is rapidly diminishing in both urban and rural areas. The continuing decline of water resources is exacerbated by poor sanitation and groundwater pollution due to urban and agricultural waste. Other challenges to agriculture include limited availability of arable land and lack of credit and investment in production and marketing infrastructure<sup>15</sup>. As a result of the above constraints, the World Bank estimates that average Yemeni yields are 25 per cent below those of comparable countries.

17. Reflecting the economy's market-oriented approach, agriculture has become more commercial. Production of cereals for food is decreasing, and farmers are producing more market crops, including vegetables, fruit and qat, a mildly narcotic plant chewed by a majority of the population Livestock accounts for 20 per cent of agricultural production. Fisheries is identified among the most promising sectors with significant food security and poverty reduction value for 400,000 fishermen and others involved in the sector.

18. Yemen is classified by the FAO as a low-income food-deficit country. Yemen produces less than a third of its food needs and imports nearly US\$1.0 billion worth food items annually, while exporting fruits (bananas and mangoes) and coffee. According to a study from World Bank, IFAD and FAO<sup>16</sup>, the recent food price shock had a massive impact on Yemeni food and overall consumer price indexes compared to other countries in the Arab region. In the same report, Yemen is classified in the

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<sup>12</sup> Out of 155 countries with both HDI and GDI values, only three countries (Pakistan, Niger and Afghanistan) have a lower ratio of GDI over HDI than Yemen. The greater the gender disparity in basic human development, the lower is a country's GDI relative to its HDI.

<sup>13</sup> *Yemen's Development Plan for Poverty Reduction, 2006-2010.*

<sup>14</sup> UNDP, MDG Needs Assessment (2003).

<sup>15</sup> Mid Term Review of the 3<sup>rd</sup> Socio-Economic Development Plan for Poverty Reduction 2006-2010.

<sup>16</sup> World Bank, IFAD, FAO (2009). Improving Food Security in Arab Countries. The World Bank.

group of most vulnerable countries to food insecurity due to the high cereal import dependency and the overall situation of fiscal stress.

19. According to the classification provided in the 2008 World Development Report based on the share of aggregate growth originating in the agriculture and the share of aggregate poverty, Yemen is classified as a threshold country between the group of agricultural-based countries (mostly of them are in sub-Saharan Africa) and transforming countries (located in Asia, North Asia and the Middle East).

20. **Development Policies.** The country's long term strategy of social and economic development is captured in the government's Strategic Vision 2025, prepared in 2008. In this strategy, a redirection of agriculture development is envisioned in support of rainfed agriculture, improvement of water-use efficiency and the cultivation of crops that are cost efficient and show export potential.

21. Yemen has also prepared Poverty Reduction Strategy Papers (PRSP) since the year 2000 and Five Years Plan for Economic and Social Development, the first of which covered from 1996 to 2000. The country is now in its third Five-Years Development Plan that has been renamed the Development Plan for Poverty Reduction (DPPR) 2006-2010. The three key DPPR objectives are as follows:

1: enhance partnership with the private sector, civil society, and external financiers to reduce poverty.

2: (i) promote small and medium enterprises (SMEs) for sustainable income generation, particularly in food processing, export-oriented agriculture, fisheries, tourism and related services; and, (ii) promote microfinance services for the poor, particularly for women in rural areas.

3: (i) increase efficiencies in the agriculture sector; (ii) enhance household food security; (iii) ensure optimal and sustainable use of fishery resources.

22. This plan recognizes the fundamental role of the agriculture sector in achieving food security, increasing the GDP, diversifying the economic structure and creating employment opportunities in rural areas. The Plan recognizes (in line with the Strategic Vision 2025) that the future of agriculture in Yemen rests with the rainfed sector, on improved efficiency in the existing irrigated sector in view of the critical shortage of water resources and finding alternative cash crops to qat. In addition, the DPPR highlights the necessity to integrate and rationalise the roles of the various institutions involved in the agriculture sector following a "decentralised approach" based on a "revised and conducive regulatory framework and supported by training of relevant staff coupled with an enhanced role for civil society organizations such as the Agriculture Cooperative Union".<sup>17</sup>

23. **Official Development Assistance.** Yemen's weak governance capacity and poor fiduciary environment has hampered its access to development finance in the past. Between 1998 and 2008 commitments from OECD DAC members ranged between 190 and 530 million per year (see Figure 1), with an average US\$400 million per year. Based on a recent publication by MOPIC (2006),<sup>18</sup> Yemen received in 2003 a total of US\$12.7 per capita in aid, equivalent to 2.2 per cent of GDP. These figures are relatively low compared to the average US\$33.4 per capita and 18.7 per cent of GDP for less developed countries.

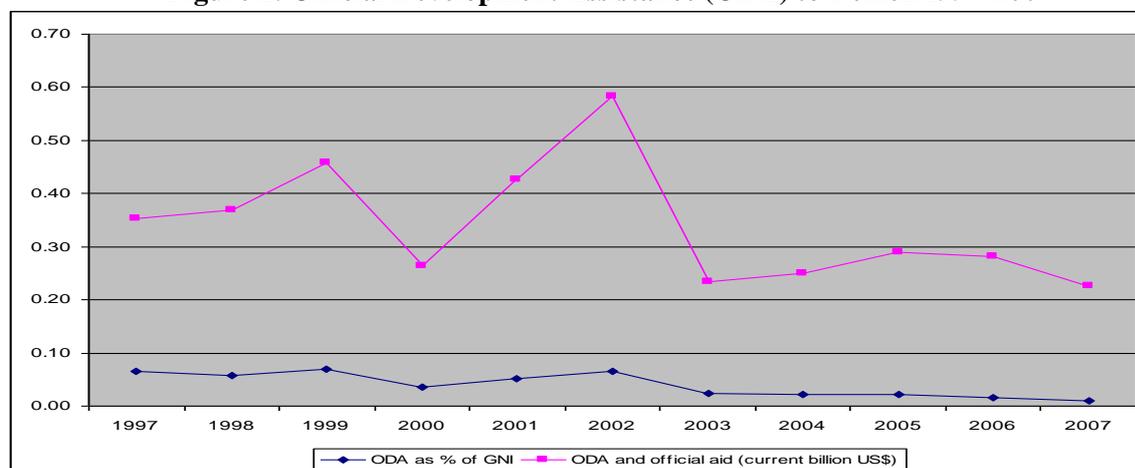
24. At a Consultative Group Meeting held between the Republic of Yemen and her development cooperation partners in November 2006 in London, total financial pledges to Yemen amounted to US\$4.7 billion for the period 2007-2010 (US\$2.8 billion in grant aid and US\$1.9 billion in soft loans).

<sup>17</sup> DPPR, page 45.

<sup>18</sup> MOPIC and Oxford Management Institute (2006), Aid absorption capacity, Republic of Yemen – Donors Consultative Group. London.

Close to half of the funds were pledged by the Gulf Cooperation Council (GCC) countries through bilateral aid. The rest was provided mainly by Multilateral Regional and International Agencies (37 per cent) and western bilateral donors [14 per cent]). Saudi Arabia is the largest bilateral donor to Yemen, followed by the United Arab Emirates and Qatar. The Arab Fund for Socio-economic Development and the IDA of the World Bank are also major donors.

**Figure 1: Official Development Assistance (ODA) to Yemen 1997-2007**



25. The total value of **ODA to agriculture** for the period 1998-2008 was US\$20.2 million per year, which corresponds to 5 per cent of total ODA to the country in the same period. IDA is also the largest donor to the agriculture sector in Yemen. In the period 1998-2008, IDA committed a total of US\$125 million. IFAD is the second largest donor to agriculture in Yemen with a total of US\$53 million in loans approved by IFAD Executive Board for the same period.

### III. Overview of IFAD's Operations and Evolution of the Country Strategy

26. **IFAD-funded operations in Yemen** include both loans for programmes as well as non-lending activities, including knowledge management, policy dialogue and partnership building – which are often financed through grants. The largest part of the operations consists of loan-funded development projects. Grants have also been used to support specific activities or component in the context of loan-funded operations. At the time of CPE launching, IFAD had financed 20 projects in Yemen for a total project cost of US\$641.6 million. Out of this, IFAD provided US\$214.8 million (see Table 3). A total of US\$288.4 million were provided by co-financiers and about US\$140 million was the counterpart contribution (both from the Government of Yemen and beneficiaries).<sup>19</sup> A total of US\$10.8 million has been provided to Yemen in the form of grants.

27. As per the project type classification adopted by the IFAD Portfolio and Project Management System (PPMS), the majority of IFAD-financed projects in Yemen were of integrated agriculture and rural development. These two groups account for 73 per cent of the total number and value of projects financed by IFAD in Yemen. Other types of projects financed by IFAD focused on fisheries (two projects), irrigation (one), credit (one) and agricultural research (one) –see Table 3.

28. IFAD has been working in Yemen since 1979. At the time of preparation of this Approach Paper, out of the 19 projects financed by IFAD in Yemen, 15 are closed, (the Al-Mahara Rural Development Project was closed in March 2010) and four are ongoing. The table below provides a snapshot of IFAD operations in Yemen.

<sup>19</sup> All figures are calculated based on the current financing amount.

### A Snapshot of IFAD Operations in Yemen

First IFAD loan-funded project	1979
Total loans-funded projects approved	20
Total amount of IFAD lending	US\$214.8 million
Counterpart funding (the Government of Yemen & Beneficiaries)	US\$140 million
Co-financing amount	US\$288.4 million
Total portfolio cost	US\$641.6 million
Lending terms	Highly Concessional
Focus of operations	Community-driven development, rainfed agriculture, infrastructure development.
Cofinancers	World Bank, AFESD, IsDB, European Union (EU), bilaterals (UK/DfID, Germany/KfW, Kuwait/FAED, Switzerland/SDC) UNDP, WFP
Number of ongoing projects	4
Total grant amount	US\$ 10.8 million
Past cooperating institutions:	IDA (11), UNOPS (4), AFESD (3), IFAD (1)
Responsible IFAD division for operations	Near East, North Africa and Europe Division
Country Strategic Opportunities Papers (COSOP)	1997, 2000, 2007
Country office in Yemen:	Since 2007
Country programme managers (CPMs) since 1995	3
Current CPM	Responsible since September 2008
Principle Government interlocutor	Ministry of Planning and International Cooperation

29. In analysing IFAD operations in Yemen it is important taking into account that seven out of the first eight projects<sup>20</sup> approved by IFAD in Yemen were picked up from the pipeline of IDA and are therefore classified under the C-financing type<sup>21</sup>. After 1988, the majority (8 out of 11) of IFAD projects approved in Yemen were “IFAD-initiated and exclusively financed” (type E) or “IFAD-initiated and cofinanced” (type F). Three projects were initiated by IDA, the latest being the Rainfed Agriculture and Livestock Project (RALP) whose loan was approved by IFAD Executive Board in September 2007. On the whole, non-IFAD initiated projects (C-type) received 43 per cent of IFAD financing to Yemen; whereas IFAD-initiated projects (E- and F-type) received 57 per cent (19 and 38 per cent respectively). In terms of total project size, C-type projects represent 69 per cent of the total value of IFAD-financed operations.

30. The following cofinancers have participated in IFAD-financed projects in Yemen: the International Development Association (IDA), the Arab Fund for Economic and Social Development (AFESD), the Islamic Development Bank (IsDB) and bilateral aid agencies such as UK-DFID, Germany-KfW, Kuwait-FAED, and Switzerland-SDC.

31. In line with IFAD corporate decision, supervision arrangements for the IFAD-supported projects in Yemen have been revised. The entire ongoing portfolio (except RALP) is now under direct supervision. Before this change was undertaken over the last two years, the United Nations Office for Project Services (UNOPS) was the cooperating institution (CI) of three completed projects implemented by IFAD in Yemen and was supervising another project that is ongoing (the CBRIP). The cooperation with UNOPS started with the Tihama Environment Protection Project (TEPP), which was approved in 1993, and continued until the CBRIP, approved in 2005. One ongoing project is supervised by the IDA: the RALP. Throughout the history of IFAD operations in Yemen, the IDA

<sup>20</sup> The first IFAD-funded operation (the Agricultural Service Project) approved in 1979 was initiated by IFAD.

<sup>21</sup> These are projects originating in the pipeline of the IDA for which IFAD provides financing, either on a joint or parallel basis.

supervised 11 IFAD-financed projects in Yemen. The AFESD supervised three projects: the last one was closed in 1998.

32. Yemen was part of the Field Presence Pilot Programme approved by the IFAD Executive Board in December 2003. However, its launch in Yemen was affected by several delays and implementation only started in June 2006, with the United Nations Development Programme (UNDP) being selected to be the hosting institution for IFAD Field Presence Pilot Programme. A national Country Programme Officer (CPO) was recruited in September 2007.

33. In the latest cycle of the Performance Based Allocation System (PBAS), which covers the period 2007-2009, the level of annual funding allocated to Yemen was US\$27.9 million. In accordance to its level of GNP per capita, IFAD loans to Yemen were provided on highly concessional terms.<sup>22</sup> As Yemen is currently classified as a “high risk” country in “debt distress” (a “red” light country) under the Debt Sustainability Framework, it is currently eligible for IFAD financial assistance on 100 per cent grant terms.<sup>23</sup>

34. The Government’s coordinating Ministry for IFAD in Yemen is the Ministry of Planning and International Cooperation (MOPIC). The lead executing agencies for IFAD-funded operations are the Ministry of Agriculture and Irrigation (MAI) (currently responsible for four projects), the Ministry of Public Works and Urban Development and the Social Fund for Development (each responsible for one project).

35. **Evolution of IFAD Country Strategy.** Early IFAD projects (most of them approved in 1980’s) supported Yemen’s agricultural development strategy which emphasised crop intensification in the best endowed areas, on the assumption that these presented the best investment opportunities and prospects for a quick increase in national production, as well as institutional capacity building. The primary goal of these projects was the improvement of food self-sufficiency. Projects were expected to contribute to economic growth: they were designed to increase agricultural output and raise general incomes but did not have an explicit poverty focus. In this early phase IFAD financed five projects in North Yemen and three projects in South Yemen. The choice of financing non-IFAD initiated projects can be considered a “pragmatic choice” made by the newly-established Fund to rapidly become operational in Yemen.<sup>24</sup>

36. A Country Portfolio Evaluation was undertaken by the IFAD Monitoring and Evaluation Division in 1992.<sup>25</sup> The Evaluation favoured an increasing prioritisation of rainfed areas in which the majority of the rural population live. Key lessons from the evaluation are summarized in Box 1.

#### **Box 1. Key lessons from 1992 Country Portfolio Evaluation**

The evaluation identifies three **key success factors**: (i) Strength and continuity of project leadership; (ii) Sharp focus, either to number of beneficiaries or thematic intervention; and (iii) Extensive management support component. On the other side, the **main problems** encountered were: (i) lack of proper assessment of the implementing institutions capacities; (ii) Ineffective monitoring, procurement difficulties and lack of attention given to staff training; and (iii) skewed land and water ownership distribution structure, limited resource base, unfavourable market price signals and Government policy changes. Based on the identified key success factors, the evaluation encouraged IFAD to be generous in the provision of incentives and funds for project management, while focussing project objectives on its central target group/area/theme. In order to improve IFAD’s targeting approach more importance should be given to adaptive research for rainfed agriculture and livestock, as the poorest are characterized by being landless and cultivating under rainfed conditions.

<sup>22</sup> IFAD lends on highly concessional, intermediary or ordinary terms. Highly concessional loans shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years.

<sup>23</sup> The allocation defined for Yemen under the 2010-2012 PBAS cycle is US\$32.1 million.

<sup>24</sup> See IFAD (1992), Country Portfolio Evaluation. Paragraph 10.11.

<sup>25</sup> This was before the approval of the IFAD Evaluation Policy (of 2003) and the establishment of the IFAD Independent Office of Evaluation.

37. The first IFAD Country Strategic Opportunities Paper (COSOP) was prepared in 1997 and aimed at assisting the Government of Yemen to increase its resource allocation to remote and marginalized areas to alleviate rural poverty by providing the poor with help with productive activities (land/water, capital and technology/skills) and the improvement of social services, especially road and water infrastructure. Six major thrusts were identified: (i) water use efficiency in existing irrigated area; (ii) technology transfer; (iii) off-farm income; (iv) rural finance; (v) social and economic development of rural communities in marginalized areas; and (vi) women in development. Three projects<sup>26</sup> were approved under the 1997 COSOP. The first two are already closed whereas one (AMRDP) is due to close in March 2010 during the period of implementation of this CPE.

38. A new COSOP was prepared in 2000 to respond to the changes in the Yemen socio-economic and development environment. The 2000 COSOP reaffirmed the strategic objective established in the 1997 COSOP (supporting productive activities and improving social services) and established that – in view of resource constraints – IFAD would concentrate its effort in marginal and peripheral areas where the majority of inhabitants are poor. In these areas, IFAD support was directed towards area-based programmes and focused on rainfed and surface-water-dependant agriculture. Livelihoods diversification was to be promoted through off-farm income generating opportunities. The gender-focus of the IFAD strategy encompassed the improvement of productive skills of women’s labour force in agriculture and their access to credit, especially for microenterprises. Four<sup>27</sup> out of the 5 projects approved under the 2000 COSOP, are ongoing. The RALP was declared effective in February 09 and the Economic Opportunities Programme was recently approved by IFAD Executive Board in April 2010.

39. The 2000 COSOP details for the first time “the need for appropriate legislative and administrative measures conducive to the creation of informal grass-root participatory institutions” as IFAD’s area of engagement for policy dialogue with the Government of Yemen. In addition, IFAD was expected to engage in policy dialogue to ensure the reform of the Cooperative and Credit Agriculture Bank (CACB) so to promote its financial viability. Other potential areas for policy dialogue by IFAD included the adoption of reform measures to redress inequity in spate irrigation schemes and reorientation of IFAD’s fishery policy by supporting the institutional development of fishermen’s associations and cooperatives and improve social and economic infrastructure in fishing villages.

40. The most recent COSOP for Yemen formulated by IFAD and the Government was finalized in November 2007 under the new Results-Based COSOP guidelines. The 2007 COSOP (covering the period 2008-2013) mentions that IFAD is recognized by the Government of Yemen as “the leader in participatory rural and area development in the country and wishes it to continue to delivery assistance in this field”.<sup>28</sup>

41. The 2007 COSOP identifies three strategic objectives for IFAD operations in Yemen: (i) empowering rural communities using community-driven development approaches and, in the context of the new direction of Yemen of decentralised decision-making, promote linkage of community institutions to local government structure; (ii) promote sustainable rural financial services and pro-poor rural SMEs; and (iii) enhance the food security of poor households by restoring the productive agricultural base and enhance agricultural productivity. As far as policy dialogue two main entry points are identified: to promote a rural public expenditure reviews for addressing institutional

<sup>26</sup> The Southern Governorates Rural Development Project (SGRDP), the Raymah Area Development Project (RADP) and the Al-Mahara Rural Development Project (AMRDP).

<sup>27</sup> Dhamar Participatory Rural Development Project (DPRDP); Al-Dhala Community Resources Management Project (ADCRMP); and Pilot Community-Based Rural Infrastructure Project (CBRIP) Rainfed and Agriculture and Livestock Project (RALP).

<sup>28</sup> See IFAD (2007), paragraph. 32.

deficiencies in rural areas, and improving the allocation and management of public resources (expected to contribute to the articulation of a coherent national extension strategy).

42. Currently IFAD is developing a new country programme approach to its operations in Yemen based on an integrated and multi-governorate value chain approach following the identification of high value agricultural commodities with significant poverty reduction and economic growth potential. It envisages three investments: the Economic Opportunity Programme (EOP), recently approved by IFAD Executive Board in April 2010,<sup>29</sup> the Fisheries Investment Programme and the Rural Employment Programme. These investments will be managed on the basis of public-private partnership by the Economic Opportunities Fund (EOF) to be created under the Economic Opportunities Programme.

#### IV. Evaluation Objectives, Methodology and Process

43. **Objectives.** The CPE will have two main objectives: (i) assess the performance and impact of IFAD operations; and (ii) generate a series of findings and recommendations that will serve as inputs for the formulation of the future country strategy by IFAD and the Government.

44. **Methodology.** The objectives of the CPE will be achieved by assessing the performance of three mutually reinforcing pillars in the IFAD-Government partnership: (i) project portfolio; (ii) non-lending activities (knowledge management, policy dialogue and partnership building); and (iii) the COSOP. The performance in each of these areas will be rated on a scale of 1 to 6 (with 1 being the lowest score, and 6 the highest). While these will be viewed individually, the synergies between the components will also be looked at, for example, to what extent IFAD's knowledge management activities supported its project activities and whether – taken together – they reflected the approach outlined in the COSOP. Based on this assessment and the aforementioned three ratings, the CPE will generate an overall achievement rating for the IFAD-Government partnership. The sections below provide further details of how each of the assessments will be conducted by the CPE. The proposed evaluation framework is contained in Appendix 1 of the main document. The evaluation framework describes the main questions the CPE will answer, including the sources of data and information that will be tapped to generate the required responses.

45. With regard to assessing the performance of the project portfolio, IOE will apply its standard evaluation methodology for the projects included as part of the CPE cohort (see Para. 50 for specific details on how each project will be assessed). This includes using the internationally-recognized evaluation criteria of:

**Relevance:** were the project's objectives consistent with the relevant Yemen COSOP and the Government's main policies for agriculture and rural development, as well as the needs of the poor. In addition, under relevance, for each project the evaluation will assess whether an adequate strategy was chosen to achieve project objectives.

**Effectiveness:** under this criterion the evaluation will assess whether projects have achieved their development objectives and will attempt to explain which factors account for the results in terms of effectiveness.

**Efficiency:** the aim will be to assess how economically were inputs converted into outputs/results. For example, the evaluation will assess the costs of constructing one kilometre of road, and compare the same with average costs incurred by the government or other donors;

**Rural poverty impact:** complementing the analysis of project effectiveness, the CPE will address five domains on which IFAD-funded projects are likely to have an impact:

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<sup>29</sup> The Operation Steering Committee (OSC) recognizes that the project proposal links well with the first two RB-COSOP strategic objectives but it is a departure from the area-based programming. An amendment to the COSOP was therefore requested in line with the provision of the RB-COSOP Guidelines

household income and assets, human and social capital and empowerment, food security and agricultural productivity, natural resources and the environment, and institutions and policies.

**Sustainability:** are the benefits of the project likely to continue after the closing date and completion of IFAD assistance? Among other issues, the CPE will assess the degree of ownership and commitment from the communities supported as well as arrangements made (e.g. link to local government institutions) to ensure the maintenance of project-funded community investments.

**Innovations/replication/scaling up:** did the project contain innovative features; is it replicable and, if so, what efforts have been undertaken to replicate it; can it be scaled up and if so, are there plans to do this and by whom.

**Performance of partners** will entail evaluating the performance of IFAD, the government, and the co-operating institutions, Among other issues, the evaluation will assess the efforts made by the Government (in particular the Ministry of Planning, the MAI, and the Ministry of Public Works) and IFAD in ensuring continuity and quality of project staff, as well as the selection process for determining the key implementing partners such as NGOs and others. Moreover, the role and cost-effectiveness of the Yemen Country Office will be reviewed, including the opportunities and challenges for the future.

46. In addition to the above criteria, special attention will be devoted to assessing and reporting on the following issues which are particular relevant in Yemen: (i) results in promoting gender equity and women's empowerment, particularly in view of the disadvantaged position of women in Yemen in terms of HDI (see paragraph 12); and (ii) IFAD's approach on targeting the youth in light of the high proportion of population under 25. Moreover, the CPE will evaluate ways and means to enhance performance of the delivery system for impact achievement, especially by focusing on project management and related human resource issues, monitoring and evaluation, supervision and implementation support. The CPE will also assess the role grants have played in strengthening the country programme, including the synergies between grant-funded activities and loan-financed activities such as e.g. grants dedicated to assist IFAD projects to reach rural women.

47. Security and conflict can have significant implications on the country programme. According to 2009 Yemen Country Programme Information Sheet "insecurity conditions across the country (generally phase III)<sup>30</sup> prevents travel to some rural areas including project locations such as Al-Dhala. These challenges constrain project implementation". The CPE will attempt to assess implications (challenges and opportunities) for IFAD's operations in those geographic areas in the country that are affected by conflict.

48. **Ratings** will be provided for individual projects/programmes, and on that basis, a rating for the performance of the overall project portfolio will be derived. The performance of the portfolio will be benchmarked with the performance of IFAD operations in the Near East and North Africa region and globally, as well as with the results of other donors working in agriculture and rural development in Yemen (subject to availability of comparable data).

49. **Coverage and scope.** The last Country Portfolio Evaluation of IFAD-funded activities in Yemen was completed in 1992 and covered the 11 projects approved since the beginning of the Fund operations in the country in 1979. It is proposed that this CPE will analyse the 8 projects approved after the 1992 CPE (Table 3). In addition, the CPE will also include the EOP approved by the EB in April 2010, with the aim of ensuring that the latest developments in the programme are taken into account in the evaluation. The oldest project in the cohort is the TEPP, approved in 1993. This implies

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<sup>30</sup> Currently DSS grades the entire country, including Sana'a, in Phase III ("Phase III indicates a substantial deterioration in the security situation, which may result in the relocation of staff members of their dependents.") and only essential missions to Yemen will be approved.

that the CPE will cover more or less 16 years (1993-2009) of IFAD-Government cooperation in Yemen.

**Table 3 – IFAD supported projects covered by the CPE**

<b>Id</b>	<b>Name</b>	<b>Board Approval</b>	<b>Loan Signing</b>	<b>Loan Effect.</b>	<b>Closing</b>	<b>IFAD Financing<sup>1</sup> (US\$ x 000)</b>	<b>Disburs. %</b>
330	TEPP	07 Apr 93	19 Oct 95	21 Nov 95	30 Jun 03	9,8	100
1061	SGRDP	11 Sep 97	15 Dec 97	01 Jul 98	31 Dec 05	11,2	100
1075	RADP	04 Dec 97	15 Dec 97	10 Jul 98	30 Jun 08	12,1	100
1095	AMRDP	09 Dec 99	26 Jul 00	26 Jul 00	31 Mar 10	12,2	98
1195	DPRDP	05 Sep 02	18 Feb 03	12 Jul 04	30 June 13*	21,5**	80
1269	ADCRMP	09 Sep 04	04 Mar 05	26 Feb 07	30 Sep 14	14,3	24
1293	CBRIP	19 Apr 05	01 Jun 06	01 Mar 07	30 Sep 11	12,9	42
1403	RALP	12 Sep 07	21 Jan 08	03 Feb 09	30 Sep 14	16,5	6
1503	EOP	April 2010	-	-	-	12.9	-

<sup>1</sup>This is the current financing amount

Source: PPMS

\* Extension approved (from 31 Mar 2012) by the EB in December 2009.

\*\* Increase approved (from US\$14.01 m) by EB in December 2009.

50. The objective of the CPE is not to undertake detailed evaluations individually of the nine projects and programmes funded by IFAD in Yemen covered by the CPE. This is neither possible nor desirable in view of the CPE's objectives and the human/financial resources available for the exercise. Also, given that some projects included in the cohort have already been evaluated by IOE and some have only recently become effective (or have yet to become effective) all projects will not be assessed in the same manner or in the same depth. Five projects (either completed or with significant implementation progress) will be assessed across all IOE evaluation criteria. The three most recent projects, which have little or no implementation, will be rated only for relevance.

51. The paragraph below provides an indication of how the 8 selected projects will be treated by the CPE:

Two projects, TEPP and Raymah Area Development project (RADP)) were previously evaluated by IOE. As TEPP's evaluation was conducted in early 2000 before the introduction of standard evaluation methodology in IOE, the CPE will rate across all evaluation criteria used currently by IOE based on an in-depth review of the extensive evaluative evidence already available at IFAD. For RADP, the CPE will use the ratings assigned by project completion evaluation undertaken by IOE in 2009.

Three projects: Southern Governorates Rural Development Project (SGRDP); Al-Mahara Rural Development Project (AMRDP); and Dhamar Participatory Rural Development Project (DPRDP) will be assessed across all evaluation criteria based on CPE findings.

The four most recent projects, namely Al-Dhala Community Resources Management Project (ADCRMP); Pilot Community-Based Rural Infrastructure Project (CBRIP),<sup>31</sup> Rainfed and Agriculture and Livestock Project (RALP); and the EOP will be assessed mainly for relevance. The main purpose of this assessment is to determine the extent to which IFAD is learning from the past experiences and integrating lessons learned into new operations.

52. In addition to the above, one project (DPRDP) will be subject to a special in-depth performance and impact assessment before the main CPE mission. This project has been selected given its high visibility in Yemen and its relevance for the more recent strategy in the country, as it is promoting approaches (e.g. in terms of community mobilization) that provided important inputs for the preparation of the 2007 COSOP. Moreover, according to the Mid-term Review (MTR) of the project

<sup>31</sup> CBRIP is the most advanced in terms of implementation progress (MTR completed in July 2010) and most likely will be subject to assessment of effectiveness and efficiency.

(December 2009) the marketing component of DPRDP will be used to facilitate the pre-implementation of the new IFAD project being proposed in Yemen, the Economic Opportunities Programme (see Para. 41 for further information about the project), which seeks to promote value chain initiatives for a number of products such as e.g. coffee, honey and horticulture. In December 2009 the Executive Board approved a modification to the loan agreement including a revision of the allocation of the loan proceeds to include supplementary USD 7.5 mill. in grant resources and a fifteen month extension of the project completion date. The purpose of this assessment is to collect primary data from the field, in order to further strengthen the quantitative nature of the CPE.

53. The main CPE mission plans to travel to visit four projects in the field (AMRDP, DPRDP and CBRIP). The first two projects cover one governorate each. CBRIP and RALP extends over several governorates in the west of the country.

54. With regards to non-lending activities, this will specifically entail an assessment of IFAD and Government's combined efforts in promoting policy dialogue, partnership strengthening (e.g., with Government, bilateral donors such as e.g. GCC countries, UN agencies such as e.g. UNDP and WFP, IFIs such as e.g. IDA, the Islamic Development Bank and the OPEC Fund for International Development, private sector, NGOs, and civil society organizations) and knowledge management. The CPE will review the synergies between lending and non-lending activities. For example, it will assess knowledge management activities promoted, and whether they have provided the required basis to inform policy dialogue with the Government and others on specific operational issues. In evaluating non-lending service performance, just as in the case of the project portfolio assessment, the CPE will also review the progress made in furthering the main elements of the Paris Declaration on Aid Effectiveness. A final assessment and rating for non-lending activities will be generated by the CPE team.

55. The assessment of the performance of the COSOP is central to the CPE. This will include assessing the COSOP across the relevance and effectiveness criteria in seven specific areas: (i) strategic objectives; (ii) geographic priority; (iii) subsector focus such as e.g. community development, promotion of rural financial services and pro-poor rural SMEs, and agriculture productivity enhancement; (iv) main partner institutions including MOPIC, and relevant line ministries such as Ministry of Agriculture and Irrigation and Ministry of Public Works; (v) targeting approach used, including emphasis on selected social groups such as women and youth; (vi) mix of instruments in the country programme (loans, grants and non-lending activities); and (vii) the provisions for country programme and COSOP management. In assessing the performance of the COSOP along the above-mentioned criteria, the CPE will analyse the priorities and experiences of other donors such as the IDA of the World Bank and the AFESD in Yemen. An overall rating for the performance of the COSOP will be provided by the CPE, taking into account the assessments of relevance and effectiveness. The evaluation will assess each of the three COSOPs prepared for Yemen in 1997, 2000 and 2007.

56. **Process.** The CPE entails five phases. These are: (i) preparation, discussion and completion of the Approach Paper; (ii) desk work phase; (iii) country work phase; (iv) report writing; and (v) communication activities.

57. The desk work phase includes the preparation of short desk review notes on the projects included in the CPE. Each desk review note will follow a standard format developed by IOE. In addition, a separate desk review note will be prepared on non-lending activities. All desk review notes will be used to prepare a consolidated CPE desk review report, to be shared for comments first with IFAD's Near East, North Africa and Europe Division (NEN) and thereafter with the Government of Yemen. This process will be completed before launching of the main CPE mission.

58. In addition, during the desk work phase, NEN and the Government will be asked to prepare their respective **self-assessments** using as reference the questions contained in the CPE framework shown in Appendix 1 of the main document. Among other issues, the preparatory mission (see next

paragraph) will provide IOE with the opportunity to brief Government on the overall objectives and approach to the self-assessment.

59. The country work phase entails various activities including; (i) a preparatory mission to Yemen to discuss the approach paper with the Government and other stakeholders,<sup>32</sup> (ii) the undertaking of a special performance and impact assessment in Dhamar Participatory Rural Development Project (DPRDP) (see paragraph 52; and (iii) the main CPE mission which will be undertaken by a team of experts in all relevant disciplines for the Yemen programme (see section VII on the Evaluation team) to ensure an appropriate evaluation of the IFAD-Government co-operation. The main mission will spend around one month in the country. It will hold discussions in Sana'a, travel to various governorates (see paragraph 53) for consultation with key partners, and visit selected IFAD-supported projects and programmes to see activities on the ground and hold discussions with beneficiaries.

60. In view of security situation in the country (see paragraph 47 footnote 32) the feasibility to conduct field work by the CPE in some governorates might be constrained. The itinerary of the main mission shall therefore take into account these constraints. All proposed field work will need to be submitted for clearance by the UN Department of Safety and Security (DSS) in Sana'a.

61. At the end of the main CPE mission, the evaluation team will prepare an aide memoire and present it to the Government, NEN and other key partners in Sana'a in a wrap up meeting, which will also be attended by the IFAD Country Programme Manager for Yemen. The aide memoire will capture the main findings from the CPE's field work.

62. The CPE report writing phase will follow the country work phase. During this phase, the CPE team will prepare their independent evaluation report, based on the data collected throughout the evaluation process. The report will be exposed to a rigorous internal peer review within IOE.<sup>33</sup> Thereafter, it will be shared with NEN for comments. Following the incorporation of NEN's comments, the report will be sent to the Government and other partners in the country for their feedback. A dedicated mission will be organized by IOE to Yemen to discuss with the Government their comments.

63. IOE will hire a Senior Independent Adviser for the Yemen CPE with ample evaluation experience and knowledge of rural development issues in Yemen. S/he will be responsible for reviewing the draft approach paper, the consolidated desk review report, the aide memoire and the final report as well as comment on the overall quality of the evaluation.

64. The final phase of the evaluation, communication, will entail a range of activities to ensure timely and effectively outreach of the findings, lessons learned and recommendations from the CPE – see section VIII for more details.

## **V. The Core Learning Partnership**

65. The core learning partnership (CLP) consists of the main users of the evaluation, and as per the Evaluation Policy, it is mandated to provide guidance to IOE at critical stages in the evaluation process. Furthermore, by ensuring that the evaluation asks relevant questions, and by becoming involved in it from an early stage in the process, the CLP also plays a role in developing ownership of the evaluation and in facilitating the utilization of evaluation recommendations and learning. The CLP will be involved, in particular, in:

reviewing and commenting on the draft Approach Paper;

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<sup>32</sup> This will also provide an opportunity to brief the government on the Evaluation Policy, IOE's CPE methodology, and the requirements for the self-assessment.

<sup>33</sup> This will include the Director of IOE and two other evaluation officers.

reviewing and commenting on the Desk Review Report;  
 reviewing and commenting on the draft CPE report;  
     reviewing and commenting on the draft Issues Paper to be discussed at the Yemen CPE National Roundtable Workshop (see section VIII); and  
     participating in the above-mentioned workshop, which will provide an opportunity to discuss the main findings, conclusions and recommendations of the evaluation.

66. Representatives from the following institutions are proposed as part of the CLP for the Yemen CPE. From the Government of Yemen: (i) MOPIC; (ii) MAI; (iii) MOF; (iv) Ministry of Public Works and Urban Development; (v) Social Fund for Development (SFD); and (vi) Embassy of Yemen in Rome. From IFAD: (i) Director IOE; (ii) Director of NEN; (iii) Yemen Country Programme Manager; (iv) CPO; and (v) Yemen CPE Lead Evaluator, IOE. The composition of the CLP will be finalized following the CPE preparatory mission in early 2010.

67. The CPE will ensure that - in addition to the CLP - other key users of the evaluations are adequately informed through the evaluation process such as the directors of all IFAD-funded projects in the Country, and representatives of co-financers and key development institutions active in Yemen such as the World Bank's IDA, the European Union, The Islamic Development Bank, the Governments of Kuwait, Netherlands Switzerland and the United Kingdom.

#### **VI.The Agreement at Completion Point**

68. As per the IFAD Evaluation Policy, each IOE evaluation is concluded with an Agreement at Completion Point (ACP). The ACP is a short document which captures the main findings and recommendations contained in the CPE report that IFAD and the Government agree to adopt and implement within specific timeframes. The ACP will be prepared at the end of the CPE process, and benefits from the comments of the participants of the CPE national roundtable workshop (see section VIII). Once finalized, the ACP will be signed by the Government of Yemen (represented by the Minister of Planning and International Cooperation) and IFAD (represented by the Associate Vice President, Programmes, Programme Management Department). The ACP will be included as an integral part of the final published version of the CPE report.

#### **VII.Evaluation Team**

69. The Director of IOE (Mr Luciano Lavizzari) will have the overall responsibility for the Yemen CPE. He has designated Mr Miguel Torralba, Evaluation Officer in IOE, as the lead evaluator for the purpose. Mr Torralba will be supported by other IOE staff, Mr Frederik Teufel, Associate Evaluator, and Ms Miriam Irías, Evaluation Assistant.

70. The CPE consultant's team will be headed by a Team Leader who will be supported by specialists in the following fields: (i) agriculture and natural resources management; (ii) community development, social and gender issues; (iii) rural microfinance; and (iv) infrastructure.

#### **VIII.Communication and dissemination**

71. A CPE national roundtable workshop will be organized in Sana'a by IOE in close collaboration with the Government of Yemen and NEN towards the end of the evaluation process. This workshop, which will focus on learning, will allow multiple stakeholders to exchange views on key evaluation issues and provide inputs for the preparation of the evaluation's ACP. The Associate Vice President, Programmes, IFAD's Programme Management Department, Directors IOE and NEN, and other IFAD staff are expected to take part in the workshop.

72. The published final CPE report will thereafter be widely distributed in hard copies and posted on IFAD's website. An evaluation Profile and Insight<sup>34</sup> will be prepared on the Yemen CPE, and distributed together with the final evaluation report. The CPE report, Profile and Insight will also be disseminated through selected electronic networks such as the United Nations Evaluation Network (UNEVAL). The main text of the CPE report should not exceed 50 pages, written in English.

73. It is important to note that written comments of the Government of Yemen and NEN on key CPE deliverables will be treated with utmost consideration by IOE, in line with the provisions contained in the IFAD Evaluation Policy. This requires IOE to: (i) rectify any factual inaccuracies that may be present in the CPE report; and (ii) carefully assess the comments of partners on substantive issues, and decide whether or not they should be included in the report. Comments of a substantive nature that, according to IOE, would not lead to changes in the evaluation's overall findings may be flagged in the main CPE report as dissenting views in the form of footnote(s), clearly indicating the issue at hand and source of comment. Finally, IOE will prepare and share an "audit trail" of how it has treated the comments of the Government and NEN in finalizing the CPE report.

### IX. Evaluation Roadmap

74. The provisional timetable for the CPE is given below. It is utmost important that NEN and the Government carefully review the various activities and proposed timeframes, given that their inputs and participation will be essential at key steps to ensure the success of the CPE.

Date	Activity/Milestone
19 February	Share first draft of Approach Paper within IOE
12 March	Share draft Approach Paper with NEN
18 March	Fax to the Government of Yemen informing about the CPE
April-June	CPE desk review phase: preparation of desk review notes, consolidation of the CPE desk review report, dedicated performance assessment
29 April	Comments from NEN on draft Approach Paper
7 May	Share draft Approach Paper with potential CLP members in Yemen
15-19 May	<b>Preparatory mission to Yemen</b>
	Finalize Approach Paper and consultants' contracts
20 August	Draft Desk Review Report (DRR) to NEN
2 September	Comments from NEN on DRR
11 Sept	DRR to the Government of Yemen
3 Oct	<b>Start of Main Mission in Yemen</b>
1 Nov	<b>CPE wrap-up meeting</b> with IOE and NEN to discuss <i>aide memoire</i> with the Government of Yemen and other partners in Sana'a. <b>End of main mission</b>
17 Dec	<b>Zero draft of CPE.</b> (Team Leader to IOE)
<b>2011</b>	
January	IOE Peer Review
February	<b>IOE shares draft CPE with NEN</b>
March	NEN provides comments to IOE on draft CPE
March	<b>IOE Shares draft CPE with</b> the Government of Yemen with copy to NEN (together with audit trail to NEN)
April	the Government of Yemen provides comments to IOE
May	IOE to finalize evaluation report and share with all partners (prepare and share with the Government of Yemen audit trail on their comments)
tbd	Preparation of CPE Issues Paper & arrangements for Yemen CPE National Roundtable Workshop
tbd	<b>CPE National Roundtable Workshop in Yemen*</b>
tbd	Finalize CPE agreement at completion point and publish report, profile and insight

\*The dates of the workshop still have to be agreed with the Government of Yemen.

<sup>34</sup> The Profile is an 800 word brochure capturing the main findings and recommendations from the CPE. The Insight will focus on one key learning issue emerging from the CPE, with the intention of raising further attention and debate around the topic among development practitioners.

