



A Strategic Framework for an Immediate Socio- Economic Response to COVID-19 in Yemen (2020 - 2021)

October 2020

Preface

The COVID-19 pandemic is far more than a health crisis – it is affecting societies and economies at their core. While the impact of the pandemic will vary from country to country, it will most likely increase poverty and inequalities at a global scale, making achievement of SDGs even more urgent.

Without urgent socio-economic responses, global suffering will escalate, jeopardising lives and livelihoods for years to come. Immediate development responses in this crisis must be undertaken with an eye to the future. Development trajectories in the long-term will be affected by the choices countries make now and the support they receive.

This report sets out the framework for the United Nations' (UNs') urgent socio-economic support to Yemen in the face of COVID-19, putting in practice the UN Secretary-General's [Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19](#) report. It is one of three critical and complementary components of the UN's efforts to save lives, protect people, and rebuild better – alongside the Yemen Humanitarian Response (HRP) and the World Health Organisation-led (WHO) emergency health response.

The country-level focus is on the here and now with a timeframe of 12 – 18 months as an immediate development offer. The Framework will be implemented by UN Country Team, under the leadership of the UN Resident/Humanitarian Coordinator and with the technical leadership of UNDP. It is designed to deliver support to Yemen across five pillars of action and mobilises the full capacity of the UN Agencies, Funds, and Programmes to support authorities to develop COVID-19 public health preparedness and response plans.

Yemen remains the world's worst humanitarian crisis with the risk of deteriorating even further as the conflict continues to take a heavy toll on the population. The combined effects of ongoing fighting, access restrictions, insufficient imports of vital goods, a serious economic crisis, and the COVID-19 impact are pushing the country to the brink of famine. Yemen's humanitarian response is severely underfunded, forcing the UN and other humanitarian actors to scale back or shutter live-saving activities.

The substantive narrative presented in this report is simple, but urgent:

- Protect the health system during the COVID-19 crisis.

- Protect people through social protection and basic services.
- Protect jobs, small and medium-sized enterprises, and the vulnerable workers in the informal sector through economic recovery.
- Help guide the necessary surge in fiscal and financial stimuli to make the macroeconomic framework work for the most vulnerable while fostering sustainable development and strengthening multilateral and regional responses.
- Promote social cohesion, build trust through social dialogue and political engagement, and invest in community-led resilience and response systems.

These five streams are connected by a strong environmental sustainability and gender imperative to build back both better and greener.

Under the leadership of the UN Resident Coordinator, the UN's support is integrated – connecting cross-sectoral analysis and responses while simultaneously building continuity between immediate measures and longer-term recovery.

Beyond its own expertise and resources, the UN can use its significant reach to help mobilise the vast network of partnerships required for a whole-of-society, whole-of-world response.

Of great significance is the strong partnership the UN has with the World Bank. This is of particular importance in the areas of impact assessments and analysis, financing and resource-mobilisation, policy advocacy on urgent macroeconomic measures to provide relief, especially for the poorest and conflict-affected population in Yemen.

The UN also works together with civil society organisations, women's groups, and volunteer

groups – many of whom are facing their own set of challenges. Working to address their specific fragility, many often play an indispensable leadership role in the response – specifically in reaching out to vulnerable groups and accessing remote locations and can amplify UN responses.

The UN in Yemen has established close relations with the private sector which – within a whole-of-society approach – are instrumental for the economic recovery toward sustainable development.

The Yemen Socio-Economic Framework for Yemen makes an urgent call for collective action. Together we must continue to support Yemenis by protecting aid, assist in access to other sources of financing, promote policies adapted to Yemen's context, and prioritise partnerships at every level.

As we continue to fight the worst health, economic, and social crises in Yemen, now is the time to step up our collective efforts to address all of them and set our sights on a peaceful, fair, inclusive, and sustainable future in a post-COVID and post-conflict Yemen.

Auke Lootsma
Resident and Humanitarian Coordinator, a.i.
UN Yemen

Foreword

The UNDP Country Office in Yemen produced the Framework for the UN Socio-Economic Response to COVID-19 in Yemen. The report responds to UN Secretary-General's call to action in his [*Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19*](#) report as well as the UN Global Framework for an immediate response to COVID-19.

The Framework is one of three critical components of the UN's efforts to save lives, protect people, and rebuild better. It is envisioned to be implemented in conjunction with the health response – led by the World Health Organisation (WHO) – and the humanitarian response, as detailed in the Yemen Humanitarian Response Plan (YHRP).

The report is organised in into three parts:

- Identifying a crisis within crisis, considering Yemen's context, and providing a socio-economic impact analysis.
- Describing the five strategic pillars derived from the global framework and adapted to the situation in Yemen.
- Bridging the first two parts and describing the organisational challenges related to coordination, ownership, funding, and prioritisation.

The data and analysis captured by the Framework do not reflect the full impact of the COVID-19 crisis. However, given the magnitude and significance of the shock, data, and analysis are referenced when available to add detail and context to the report.

Acknowledgements

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Executive Summary

Yemen's COVID-19 epidemic represents a crisis within a crisis, with potentially catastrophic effects on the population. It must be a wake-up call for donors, as well as domestic political actors, to develop more sustainable and cooperative solutions that can prevent the country's collapse.

Assessment

The country has been hit hard by the COVID-19 pandemic at a time when its population and institutions have been massively weakened by a complex conflict and a succession of health shocks and natural disasters, creating one of the largest humanitarian crises in the world.

Besides the direct and indirect effects of the pandemic, the global crisis has produced two other massive shocks: a collapse in humanitarian support and a sharp deterioration of fiscal and external accounts. Both severely threaten the availability of food, fuel, and other necessities and further weaken the ability of the authorities to deliver basic services.

In Yemen, COVID-19 poses unique public health risks that could lead to a catastrophic situation where no one is safe and the most vulnerable will be the hardest hit. Based upon Imperial College model projections, the World Health Organisation (WHO) predicts that with no mitigation measures used in the "Most Likely Scenario", nearly 86% of the population will become infected with COVID-19, resulting in more than 400,000 hospitalisations and over 60,000 deaths.

Furthermore, it is very possible that COVID-19 may have a devastating impact in Yemen because:

- The ongoing conflict has decimated an already very weak health system and a massive outbreak is certain to rapidly overwhelm hospitals and other health facilities, further reducing their ability to treat other chronic and communicable diseases.
- Malnutrition is rampant and people's vulnerability has become further affected by multiple infectious disease outbreaks.
- Social distancing and good hygiene are made difficult in some areas, such as Internally Displaced People (IDP) camps and areas with minimal access to clean water.
- The virus creates new impediments that will affect the delivery of urgently needed goods and services.



In addition to COVID-19's damaging health impacts, it is already evident that Yemen is experiencing a severe economic downturn from its direct and indirect effects. The International Monetary Fund (IMF) estimates that the 2020 economic activity will contract by at least 3% – down from a previously anticipated positive, but low, growth rate.

The downward pressures come from internal and external sources. First, the economy is depressed by lower domestic supply and demand resulting from containment measures. Second, it is also badly hit by indirect external macro shocks that are associated with the global aspects of the COVID-19 crisis. These have been caused by two main issues:

- The decline in international oil prices has sharply reduced oil revenues – the government's main revenue source – leading to an additional fiscal deficit and making salary payments more difficult.
- Foreign exchange inflows have been severely affected by a predicted decline in remittances, placing additional burden on Yemen's already limited foreign exchange, risking further devaluation and rising food prices.

In 2020, despite the continued conflict and ongoing crises, there was also a sharp drop of humanitarian support for Yemen. The decreasing support may be partly attributed to budget constraints in a world impacted by COVID-19 and – in the Gulf Cooperation Council (GCC) countries – a significant decrease in oil revenues. It may also be reflective of donor fatigue after five years of very large Humanitarian Response Plans. This drop comes with increasingly louder donor demands to shift efforts toward a more sustainable approach to support Yemen's recovery even though substantial security and political challenges remain.

Strategy

These issues shaped the main goal of this document to go beyond dealing with the immediate health aspects and indirect implications of COVID-19. While it is not a plan for the reconstruction of Yemen, nor a plan to achieve the SDGs, it instead outlines a strategic framework for external and domestic actors to respond comprehensively to the multitude of challenges facing Yemen during the next 18 months.

The document proposes a medium to long-term strategy to deal with the socio-economic consequences of COVID-19 in Yemen. It builds upon and complements both the global COVID-19 Humanitarian Response Plan as well as the WHO COVID-19 Response Plan that aim to deal with the most immediate humanitarian consequences of the health crisis. The three plans together aim to provide a holistic approach to understanding and recovering from COVID-19 in Yemen.

The document has three main components: (1) an assessment of the recent shocks and an

identification of the new needs; (2) proposed outcomes for UN and donor action, working with authorities and local partners; and, (3) challenges of aid delivery and suggestions for improving cooperation across actors and programmes. The document relies heavily on consultations with donors, United Nations (UN) agencies, International Non-Governmental Organisations (INGOs), as well as the Yemeni civil society, private sector, authorities, and main institutions.¹

The 2020 – 2021 strategies proposed are organised around five pillars with main outcomes. Issues of gender, environment, governance, and peace are cross-cutting across all pillars and does not prescribe specific programmes. Cutting across all pillars are also issues concerning data collection and digital inclusion. By framing engagement through pillars and outcome objectives, the proposed strategy allows donors to respond flexibly to the country's needs, while remaining calibrated to the availability of funds and the security context.



Pillar 1. Health First

Outcome 1: Saved lives by responding to COVID-19 epidemic

Outcome 2: Safeguarded essential health services

The priority should be to stop the virus upon entry and to extinguish clusters of infection as quickly as possible. The health and other strategic sectors – such as food distribution, the provision of power, and core transport facilities – must also be strictly protected. Restoring health facilities to improve access

and installing new COVID-19 capacity to address cases are priorities.

If and/or when the infection spreads, a balanced effort to flatten the curve is desirable by using a broad set of precautions including hygienic behavior, physical distancing, and

¹ **Groups consulted:** UN agencies: HC/RC, OSESGY, WFP, OCHA, WHO, UNICEF, FAO, UNHCR, UNEP, UNFPA, UNESCO, IOM, ILO, UN Habitat, UNDP; IFIs: World Bank, IMF; Yemen: Ministry of Planning & International Cooperation (MOPIC), Supreme Council for the Management and Co-ordination of Humanitarian Affairs (SCMCHA); Social Fund for Development (SFD); Public Works Project (PWP); Donors: Donors Roundtable; EU/DEVCO, UK/DIFD, Germany, including GIZ and KfW, KSA, IsDB; Civil society groups: INGOs and NGOs, Private sector cluster (SMEPS).

the prevention of mass gatherings. To ensure the continuity of health services, it will be important to maintaining the safety of the health care system. These measures require

new and enhanced systems, capabilities, and supplies. In all these actions, the role of civil society and the private sector is essential.



Pillar 2. Protecting People

Outcome 3: The most vulnerable protected through safety nets
Outcome 4: Basic services protected

Social protection needs have risen sharply at a time when humanitarian finance has shrunk. This requires tighter targeting of humanitarian aid while expanding the funding to, and work of, the social protection system.

The three pillars – food, cash, and work – must also be more integrated and coordinated to reduce double dipping and missed opportunities, as well as to develop a clearer understanding and model of how to lift people

out of poverty traps. The COVID-19 infection also impacts the delivery of basic services – including education, WASH, and child protection services.

Furthermore, delivery methods must be adapted so they take place in a secure environment. This requires innovation, for example in finding ways to deliver distance education in a challenging environment.



Pillar 3. Protecting Livelihoods and Jobs

Outcome 5: Jobs and incomes in SMEs/informal enterprises protected
Outcome 6: The formal private sector strengthened and involved

Besides increased direct support of access to finance (including micro-finance institutions) and skills, efforts are needed to increase engagement in donor-supported programmes and to expand programmes that support small and micro enterprises (SMEs) – particularly in agriculture and fisheries, and with a deliberate focus on job creation for youth and women. This includes interventions in response to COVID-19 in collaboration with the private sector.

Efforts to reduce transaction costs for remittances are also needed to counter the reduced supply of income among expatriates. Strengthening the voice of the private sector,

increasing efforts to reduce predatory acts and double taxation, and improving access to trade credit are all important priorities.



Pillar 4. Macro-Economic Response

Outcome 7: Civil servants' salaries paid on time

Outcome 8: Domestic prices and exchange rate stabilised

Improving macro-economic internal and external balances is essential to avert a collapse of basic services and a jump in food prices. Besides improving external official assistance, gains must be achieved on the home front. The revenue base can be improved with more effective custom operations and by increasing oil and gas exports.

The Stockholm process is central to easing

trade flows in the North to allow for full payment of salaries and pensions. Improving the Central Bank operations and coordination between its branches would improve the foreign exchange market and allow for donors to deposit foreign exchange for their counterpart's operations. Additionally, Yemen should try to negotiate with Gulf and other countries to limit future large-scale Yemeni repatriation.



Pillar 5. Supporting Social Cohesion

Outcome 9: Communities empowered to protect themselves from insecurity and injustice, resilience developed, and women protected and empowered

Outcome 10: Environmental resilience and water management improved

Traditional Yemeni institutions have done much over the years to build and preserve community resilience, but tribal, political and religious cleavages have been accentuated by the conflict over scarce resources, IDP return, and are being aggravated by COVID-19 impact.

Dimensions of disadvantage and vulnerability strongly overlap with gender as women (and

children) are the most affected. And environmental challenges combined with water scarcity also compound the COVID-19 effect. Furthermore, attitudes are determined by culture and do not quickly change, while interventions work largely through progressive advocacy and engagement – particularly by the media, civil society organisations (CSOs) and other associations specialising in these areas.

Going Forward

The last sections of the Framework offer suggestions on how to re-organise the actions of the donors and local partners. The potential for more effective programme delivery is significant given the fast pace at which programmes have grown and Yemen's complex circumstances which favor fragmentation and duplicative efforts. Remaining realistic – both politically and organisationally – is necessary as to what is achievable in 18 months.

Yemen's major players and donors have developed innovative programmes in recent years and have shown that humanitarian, development, and political actors can find innovative new ways to collaborate around the Humanitarian-Development-Peace (HDP) nexus. Increasing their developmental efforts in Yemen, despite difficult circumstances, the main partners include: France, Germany, Japan, the Kingdom of Saudi Arabia, the United Arab

Emirates, the United Nations, the United Kingdom, the United States and the World Bank. Donor coordination must continue to improve, especially between the Organisation

for Economic Co-operation and Development's Development Assistance Committee (OECD-DAC) donors and GCC countries.

Framework Outline

The proposed framework serves three purposes:

- Guides the strategic donor and local partner engagement at the forefront of the HDP nexus.
- Advocates for an increase in the share of developmental assistance to increase Yemen's resilience to multiple shocks.
- Calls upon local actors to accelerate peace efforts and improve coordination across the health, social protection, livelihood and resilience-building, macro-management, institutional rehabilitation, and security domains to facilitate a shift from humanitarian to development support.

It also proposes a three-pronged effort to improve impact and resource mobilisation: (i) prioritising and dealing with new COVID-19 created operational constraints; (ii) deepening relations with national institutions; and (iii) accelerating donor coordination efforts in the development domain.

The combination of increased needs with sharply lower external support has reignited previous challenges, and the proposed strategy is predicated on continued annual external official assistance of approximately USD 3 – USD 4 billion. However, given existing 2020 – 2021 commitments, there is currently a large financing gap of between USD 2 to USD 3 billion. And over the next 18 months, part of the needed additional financing must come as either balance of payment or budget allocations.

External support is needed now more than ever; however, it is unlikely to rise sufficiently unless it is seen as part of a more sustainable

strategy which requires an increase in development assistance. Working together in the humanitarian and development domains, donor efforts must address both the immediate and structural dimensions of fragility.

In the coming months, the importance of supporting Yemen is greater than ever. At the same time, a central challenge will be to find more sustainable ways to help. For this to happen, domestic institutions and political actors will need to play more central roles; anything less will lead to a predictable disaster.

Introduction

This framework document focuses around three main sections:

- An assessment of the recent shocks and an identification of the new needs.
- Proposed outcomes for the action of the UN and donors, working with authorities, and local partners.
- Challenges of aid delivery and suggestions for improving cooperation across actors and programmes.

WHO predicts that COVID-19 in Yemen could lead to a death toll comparable to that combined from war, disease, and hunger over the last six-year period. The pandemic's indirect health effects may be equally as large, weakening an already devastated health sector and weak national economy. Job and livelihood losses have been caused by the fall in domestic supply and demand resulting from containment measures – including market closures and bans on public and religious gatherings – and the increase in transport cost due to border closings.

The global impact of the pandemic has generated a severe and negative macro-level shock. The downward macro-economic pressures come from foreign exchange inflows that are being severely affected by a decline in oil exports, a decline in remittances, and the contraction in ODA. These place additional burden on Yemen's already limited resources available to import essential products such as food, fuel, and medicines. The decline in international oil prices – sharply reducing Yemen's oil revenues, the government's main revenue source – has made it more difficult to pay salaries and pensions without generating additional inflationary pressures.

Simultaneously, the pandemic increased Yemeni's needs while the country experienced a steep reduction in external support. This will have a dramatic effect on communities, reducing their ability to cope with new and existing shocks including physical insecurity, violence against women, and water stress.

To guide strategic international engagement in the country and prevent further collapse of the Yemeni economy, over the next 18-month period, the human, economic and political implications, and related shocks of COVID-19 must be understood. Understanding these is necessary to reprioritise targeted planning in a situation where the likely impact parallels Yemen's war and where no one is safe but the most vulnerable will be hardest hit.

The three parts that follow are interconnected to the UN's Framework² and provides COVID-19 analysis, challenges, risks, and recommended responses to integrate support for Yemen.

PART I: Crisis within a Crisis – Yemen's Context

This section provides the analysis of existing impacts that challenge Yemen's ability to overcome the potential impact of COVID-19.

Health and Education Impact

In the 31 July 2020 situation report, the World Health Organisation (WHO) outlines the confirmed COVID-19 cases in Yemen at 1,730 and 488 deaths. The actual numbers are likely to be much higher, especially in the North where reporting is expected to be low. These figures indicate a steep increase since the first cases were reported in Aden in April, suggesting high mortality rates.

Since April, suppressive measures have been taken throughout the country: schools have been closed, mass gatherings and marketplaces restricted, and air and land entry points controlled; however, they began to weaken by late summer.

Yemen's COVID-19 poses unique public health risks that may be catastrophic. Based upon Imperial Model projections, WHO predicts that in the "Most Likely Scenario" using no mitigation measures, nearly 86% of Yemenis will be infected with over 400,000 hospitalised and more than 60,000 deaths (WHO 2020). A massive COVID-19 outbreak will quickly overwhelm hospitals and other health facilities,

further reducing the ability to treat other diseases.

COVID-19 may be more devastating in Yemen because the on-going conflict has decimated an already weak health system and – as the virus creates new impediments – it will affect the system's ability to deliver key services including immunisations. Only 55% of healthcare facilities are fully or partially in service and 160 health centres and hospitals have been damaged in the conflict. The facilities that are operational lack specialists, equipment, medicines, and access to power.

New demands generated by COVID-19 will increase pressure on the existing health system capacity. When health systems are overwhelmed, both direct mortality from an outbreak and indirect mortality from vaccine-preventable and treatable conditions can increase dramatically. And health facilities can also become a "dissemination" factor if not well prepared.

UNICEF reports that 67% of the population

² Refer to: United Nations. April 2020. A UN framework for the immediate socio-economic response to COVID-19 APRIL 2020. At https://www.un.org/sites/un2.un.org/files/un_framework_report_on_covid-19.pdf [last accessed on 18 August 2020].

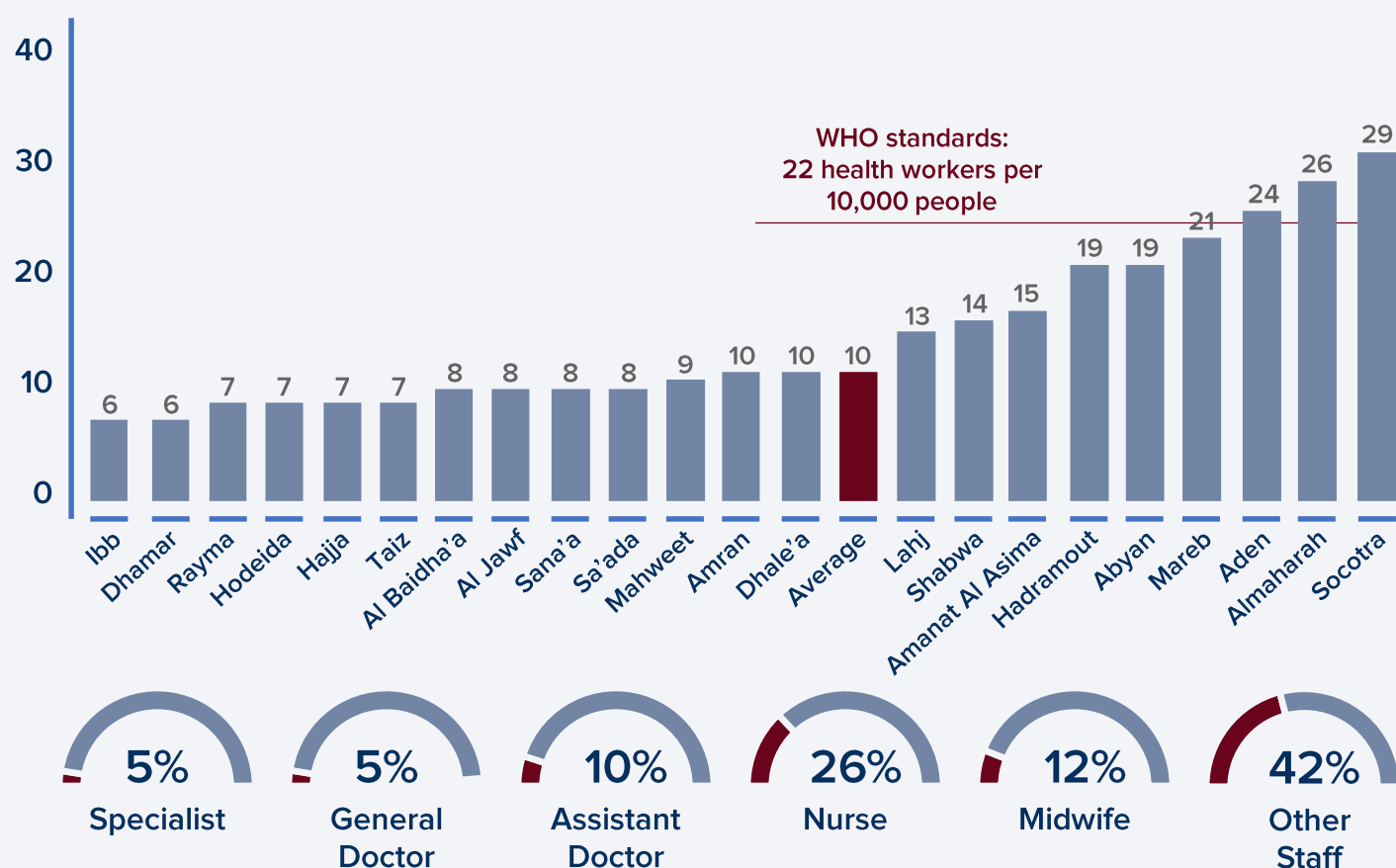
lacks access to minimal healthcare services, and 14 million people are in desperate need of health care services. In Yemen, there are an estimated 10 health workers per 10,000 people, well below the global average of 41 per 10,000 and the WHO standard of 22 per 10,000. (See Figure 1.) Additionally, 53% of operational facilities do not have general practitioners and 45% lack specialists. In many parts of the country, health providers have not been paid salaries for years.

Geographically, Yemenis in 203 of the 333 districts have severe health needs due to poor health services access. Many have weakened immune systems from malnutrition³ and multiple infectious disease outbreaks such as

malaria, dengue fever, cholera, and diphtheria. Since the conflict started, immunisations have decreased by as much as 30%.

Moreover, physical distancing and good hygiene are made difficult by the lack of access to clean water, especially in areas such as IDP camps. More than 20 million do not have access to adequate sanitation, 11 million of whom are in acute need of water. (See Figure 2.) This severely reduces the ability to follow recommended steps to reduce COVID-19 such as washing hands with soap. And 18 million Yemenis, including 9.2 million children, do not have direct access to safe water – increasing their vulnerability and risks of exposure to other diseases.

Figure 1. Number of Health Workers and their Professions



Source: WHO, Yemen: Health Resources and Service Availability Mapping System 2018 (HeRAMS)

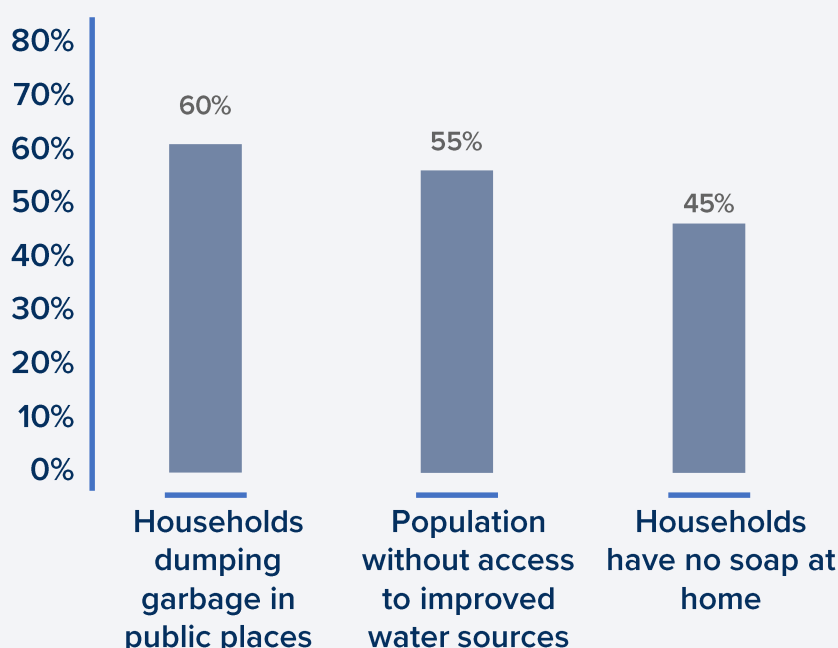
³ 53% of the population is severely food insecure and the acute malnutrition rate for children under 5 is 11.6% (SMART survey). Malnutrition contributes to reduced immunity and renders the child immune-compromised and more likely to develop severe forms of infectious diseases with 9 to 12 times more chance to die from it.

The country's health sector is unprepared to deal with COVID-19 demands. A lack of medical staff personal protective equipment has left them especially vulnerable to contracting COVID-19, resulting in turning patients away. Case management and isolation capacity regarding training, equipment, and medical supplies are poor. Oxygen cylinders, hospital beds dedicated to COVID-19, and ventilators are extremely limited and – while supplies have been increasing with WHO support – global

COVID-19 supply shortages and limited logistic capacity are constraining.

There are six labs with COVID-19 testing capacity – already overwhelmed by other outbreaks such as cholera – and two equipped isolation and treatment centres that can cater to 40 patients. Conversely, a lack of patient trust in facilities to properly protect them from contracting COVID-19 has resulted in a 25% decrease of facility use (UNICEF 2020).

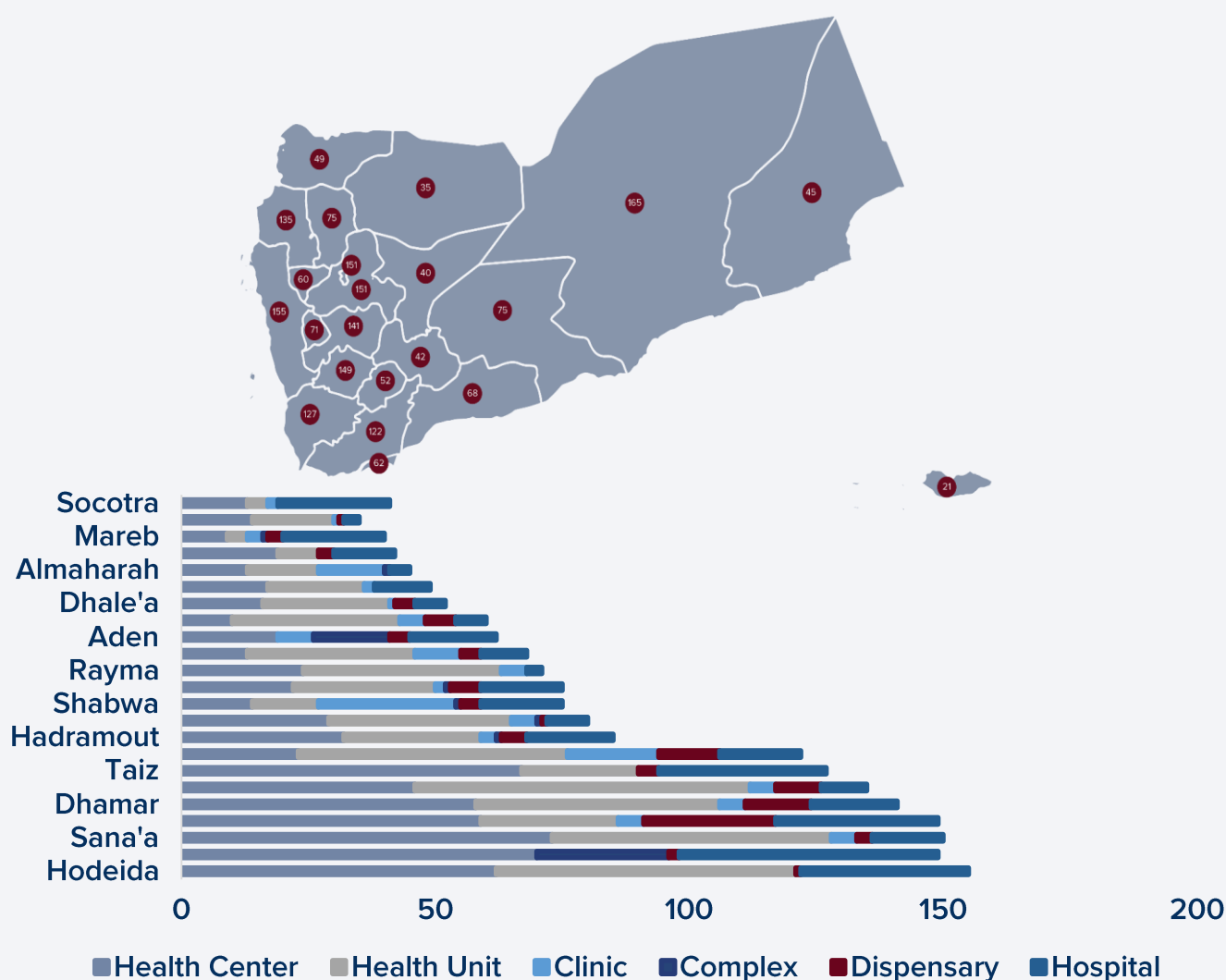
Figure 2. Share of Population with Access to Various WASH Services



Source: UN OCHA: 2019 HNO in Yemen, December 2018

There are nearly 2000 active sentinel sites responsible for detecting communicable disease and electronically reporting the information to a centralised centre. (See Figure 3.) These centres employ a network of over 18,000 community volunteers and religious leaders who conduct community-based surveillance, reporting of suspected cases for further investigation, and support the process of contact tracing.

Figure 3. Distribution of Sentinel Sites and of Health Centres



Source: UN OCHA 2019

Note: eIDEWS is an electronic based reporting platform used by sentinel sites across Yemen to report on 28 highly pathogenic diseases such as cholera, dengue, viral hemorrhagic fever, measles, pertussis diphtheria and acute flaccid paralysis and others. Today, there are 1,991 active sentinel sites that are actively engaged in reporting through eIDEWS.

The education sector, like health, is suffering. Half (51%) of teachers have not been paid since 2016 and UNICEF reports that one-third of schools are no longer functioning with thousands having been destroyed and not rebuilt. About 36% of school-aged girls and 24% of school-aged boys do not attend school.

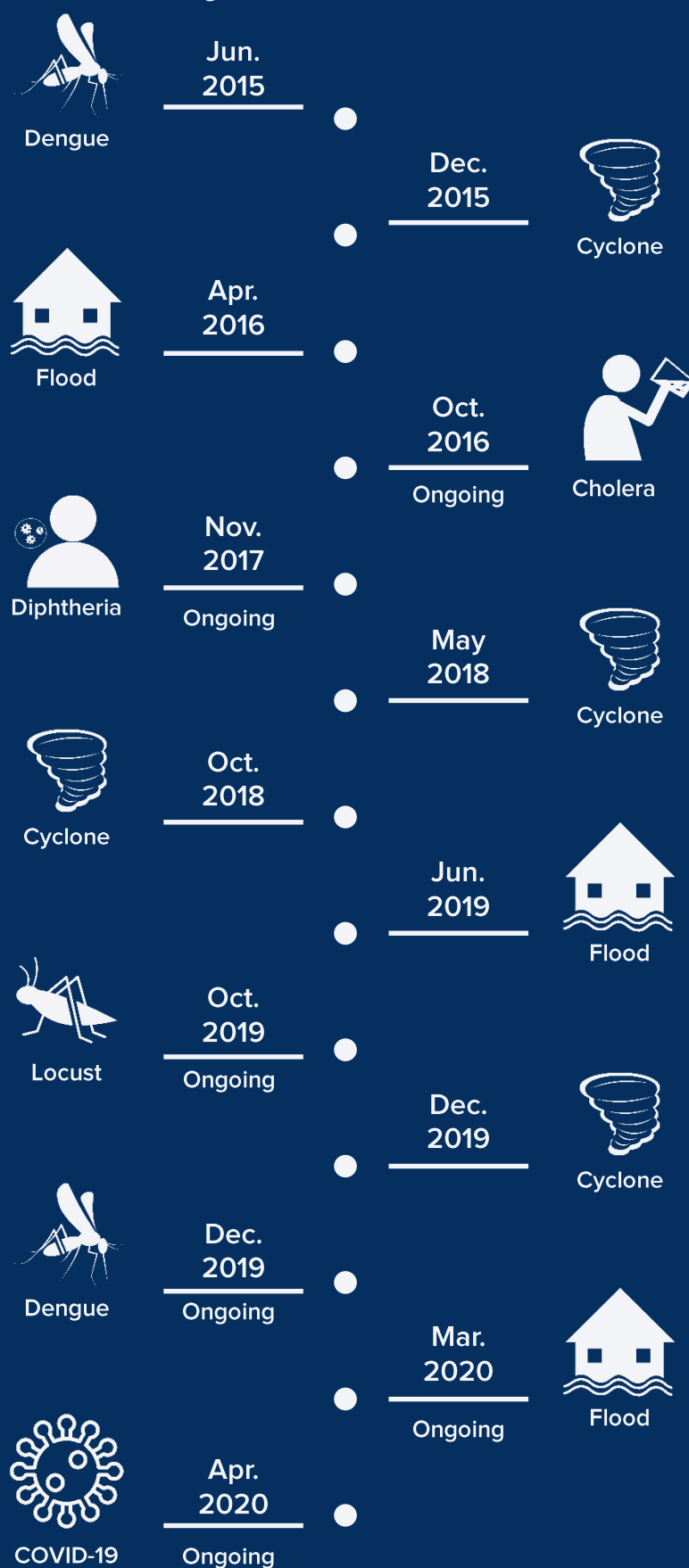
Household Impact

The impact of COVID-19 on Yemeni households and communities further compounds this, coming atop a long series of shocks. (See Figure 4.) International aid agencies are overstretched serving the 24 million Yemenis requiring humanitarian assistance and protection. The

Since April 2020, schools have been closed to prevent COVID-19 infections, but no distance education system have been implemented, and the closure of health and education services for children – which were delivered in schools – have been stopped and not yet replaced by robust alternatives.

humanitarian situation is further complicated by the collapse of international funding, more constrained access by humanitarian workers in areas, and gaps in the social protection system – including for people most affected by the COVID-19 shock.

Figure 4. Series of Shocks



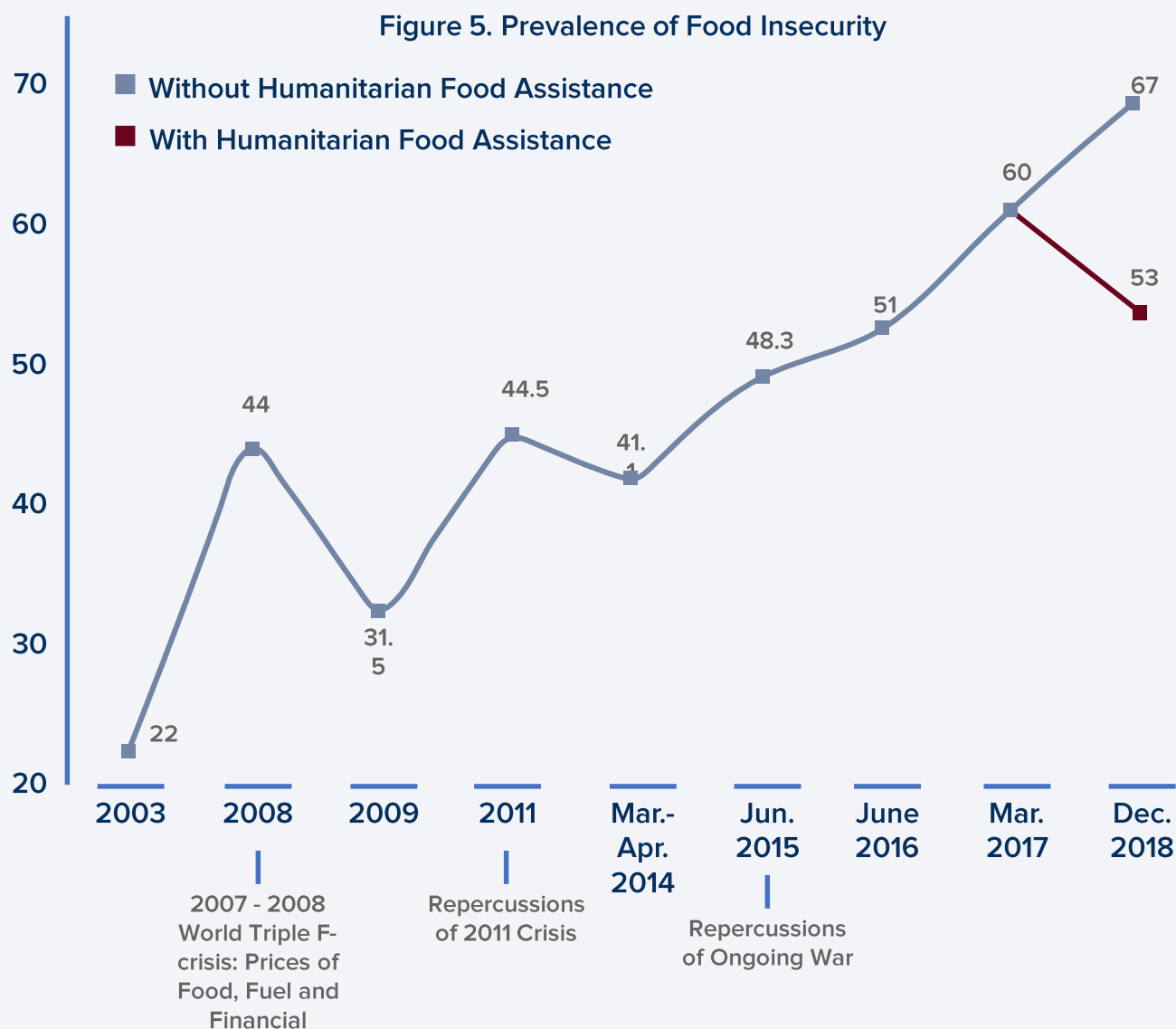
Source: <https://reliefweb.int/disasters?country=255#content>

Climate change has greatly increased the suffering and vulnerability of Yemenis. The country is experiencing rising temperatures and decreasing average rainfall at an accelerating rate. The agriculture sector – which employs half the workforce – is highly dependent upon rain and streams. As rains decrease and become less predictable, groundwater is rapidly depleted, causing mounting tensions over water resources as well as a devastating effect on food supply and employment. Part of the country has been ravaged by torrential rains, triggering an unprecedented outbreak of locust, wreaking havoc in urban areas, and leading to a spike in water-borne illnesses. (See Figure 4.)

By far, however, the main cause of crisis in Yemen is the ongoing conflict. In addition to combat deaths, fatalities due to the issues

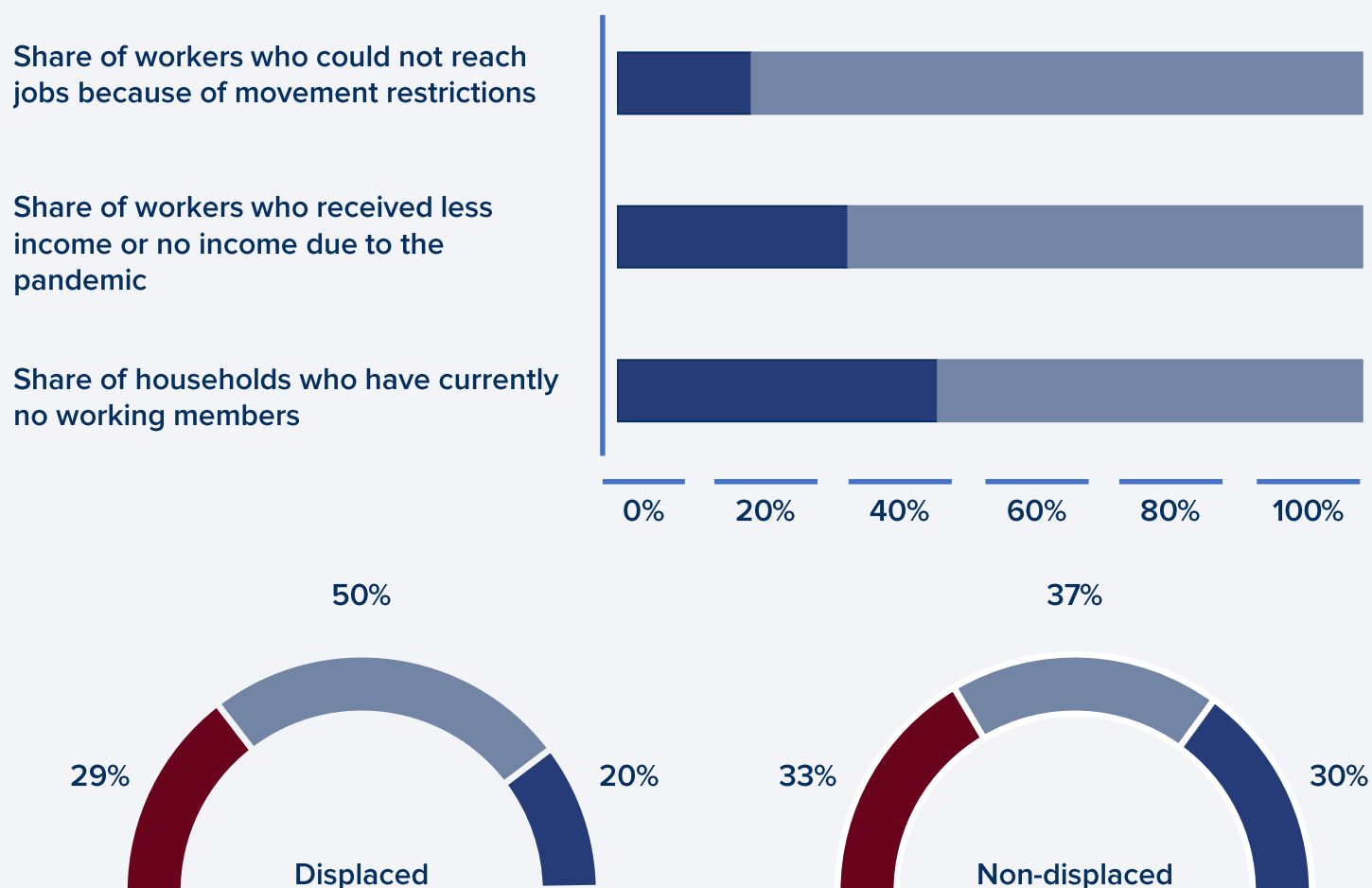
associated with the war such as hunger and disease, exceed 130,000 with children accounting for one-in-four deaths. The conflict has resulted in around 3.65 million Yemenis being displaced and an estimated 40% of households have lost their primary income source.

Poverty is now estimated to be between 70% to 80% with women more severely affected than men (World Bank 2020e). Since the beginning of the conflict, the prevalence of food insecurity has continuously risen and would have likely been much higher in the absence of humanitarian support. (See Figure 5.) More than 80% of the population – 24.4 million people – require humanitarian assistance, with 14.4 million in acute need and 10 million one step from famine (OCHA 2020).



Source: CFAA, 2014 and Integrated Food Security Phase Classification 2015 - 2018

Figure 6. Impact of COVID-19 Created Constraints on Income



Source: mVAM

An increased number of households experienced income loss related to COVID-19 triggered movement restrictions in April 2020. The mobile Vulnerability Analysis and Mapping (mVAM) conducted by the World Food Programme (WFP) indicates that more households find it difficult to reach jobs due to mobility restrictions. Amongst households that were working prior to the COVID-19 crisis, approximately 30% received either no salary or lower salary than before. (See Figure 6.)

I. Gender within the Household

The conflict has exacerbated gender inequality in the country. Yemen ranks at the bottom of the World Economic Forum's gender gap index for economic participation and opportunity, ranked 138 of 142 countries (2014), and the

Thus far, official measures (e.g. increased screening and check points as well as border closures) have had no major disruptions in humanitarian operations. Given the importance of humanitarian assistance in supporting basic household needs (e.g. food, cash delivery, health, water, sanitation, and hygiene, etc.), even small disruptions can have large impacts on households.

overall gender gap index fell from 0.52 in 2014 to 0.48 in 2015 (World Economic Forum 2020). The escalation of violence and security concerns from the conflict have further limited women's already limited opportunities

to access economic activities as their mobility and participation in the public sphere have been further restricted.

Vulnerability of women and young people continue to grow as well, accounting for the largest percentage of civilian victims of war. Some 76% of Internally Displaced Persons

(IDPs) are women and children and nearly 21% of IDP households are headed by women under the age of 18. And the consequences of economic devastation are exacerbated by issues such as increased rates of child marriage⁴, decreased educational opportunities, and a climate of intensified gender-based violence⁵.

II. Food within the Household

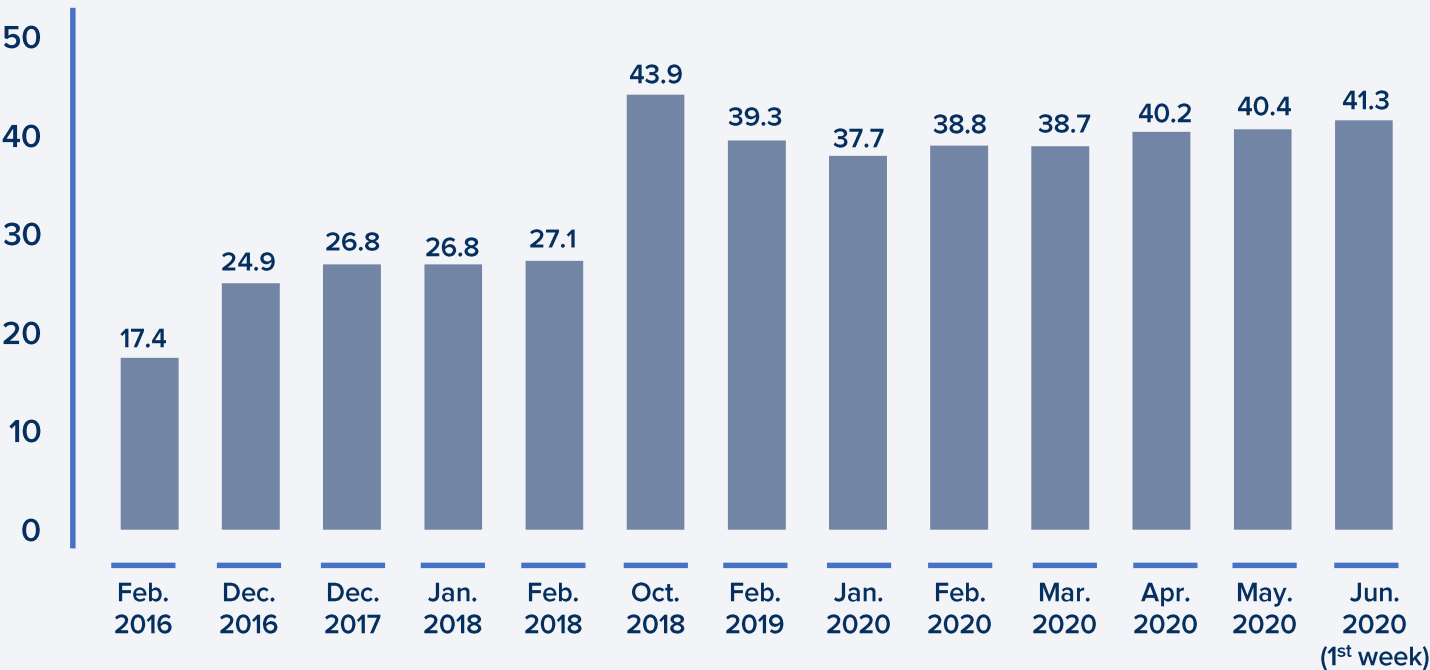
There are increasing concerns over food security. Increases in food prices have profound effects on citizen welfare, especially among the poor who are dependent upon low food prices to survive. As seen in Figure 7, the cost of the minimal survival food basket has dramatically risen since the onset of the 2015 conflict.

In recent months, as COVID-19’s effect has started to compound, other sources of insecurity, poverty and malnutrition have worsened. According to data from United

Nations Verification and Inspection Mechanism (UNVIM) for Yemen, in the first five months, food imports received through the Ports of Hodeidah and Salif amounted to only 77% of food imports for the same 2019 period.

Besides delays in entering the port, the decline in the discharged volume of food imports in the North could be explained by shortages of foreign exchange, COVID-19 related sluggishness in trade activity, and reduced food imports by humanitarian agencies.

Figure 7. National Minimum Survival Food Basket (7 people a month | in YER 1,000)



Source: Food Security Technical Secretariat, several Issues, 2020

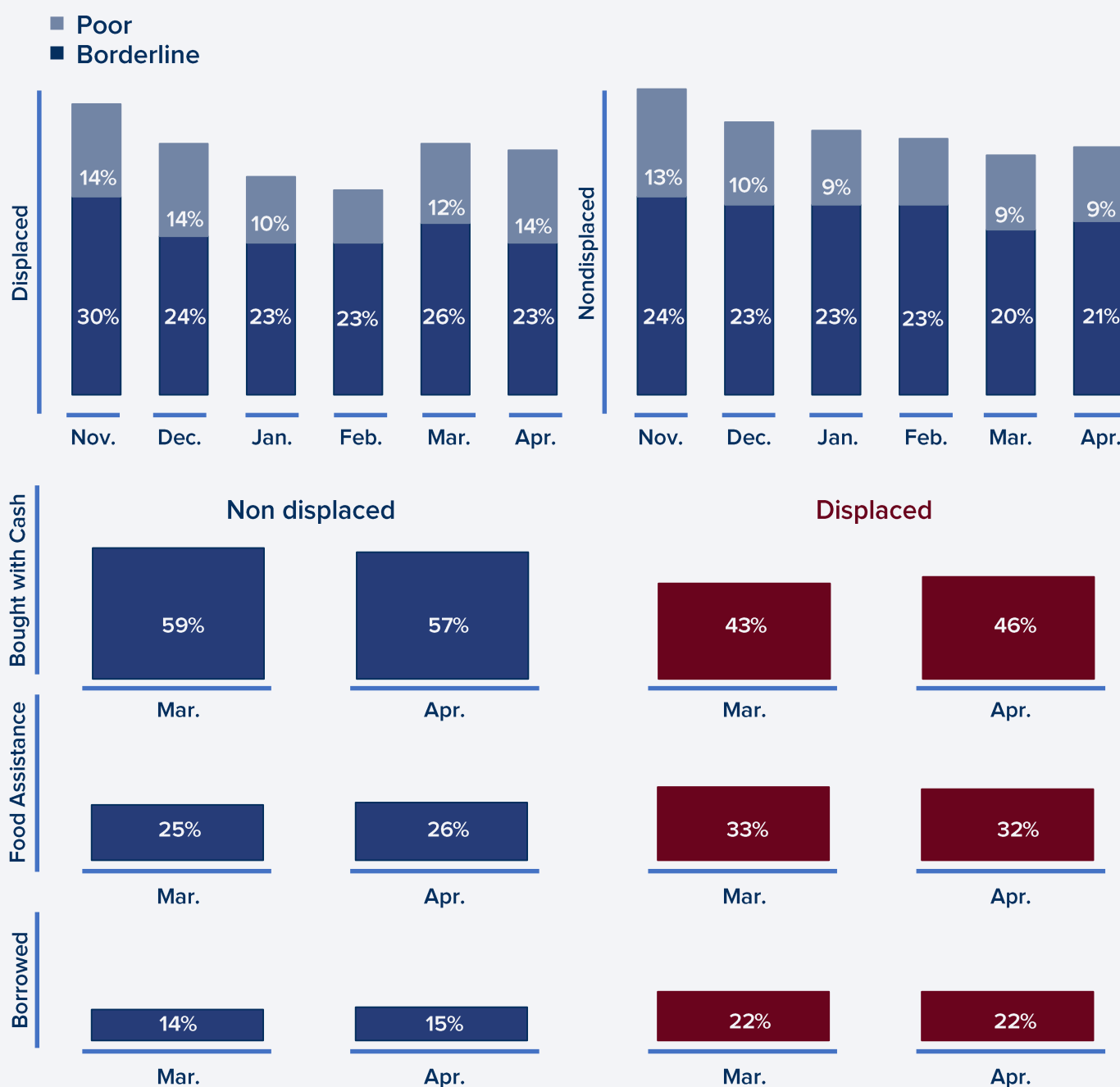
⁴ Child marriage rates have escalated to an estimated 66% in 2017.
⁵ Reported gender-based violence increased by 36% in 2017 alone.

Food insecurity has continually worsened in recent years. Food has consistently been reported as the top priority need for all population groups in the country despite being the most common type of humanitarian assistance received. And 91% of emergency cash transfers received by beneficiaries are used to purchase food (MCLA, 2019; World Bank 2020).

A March 2020 World Bank/WFP survey indicates that 33% of households experienced

poor food consumption, with the share higher among IDPs (37%) and as high as 48% in Raymah. Food-based coping strategies are widely adopted across the country, with 70% of heads of households (HHs) limiting the portion of meals. Such strategies are most prevalent among IDPs (77%) and with female HHs (80%). Among the IDP population, 33% reported relying on food assistance as their primary source of food and 22% get food by borrowing from other families.

Figure 8 and 9. Share of Households with Low Consumption and Ways of Receiving Food



Source: mVAM

The effects of the shortfall in the Humanitarian Response Plan (HRP) 2020 are beginning to show. Due to the sharp shortfall in 2020 financing, humanitarian aid agencies managed to reach just 9.5 million people with emergency aid in April 2020 – down from 15.6 million in December 2019. WFP has more than halved its food deliveries in May – June from 19 to 8 million people. UNHCR's operation was only 30% funded, putting support for IDPs and refugees in jeopardy. UNICEF's budget was just 38% funded, putting 2.4 million children – including one-in-two children under the age of five – on the “the brink of starvation”. WASH services for 6 million people – including 3 million children and 400,000 of the most vulnerable IDPs – could end before August and water supply to nine major cities may be shut off completely. (See Table 1.)

COVID-19's combined effect and of the HRP funding shortfall are already posing a threat to child survival and development. A comparison of March – April 2020 with the same period in 2019 shows a dramatic reduction in child service provision (UNICEF 2020):

- **Healthcare:** Access to community-based maternal and neonatal care (CBMC) interventions fell (antenatal visits by 42%) and all outreach activities ceased in 2020. About one quarter of the eligible children may miss their vaccination and 30% of the women who require primary health care at home will have to do without should home-based care and outreach activities continue to be impaired.
- **Nutrition:** Children and pregnant and lactating women receiving nutrition services were down significantly, especially for the components provided during home visits. For example, Vitamin A decreased by 74.5%; growth monitoring decreased by 64.6%; and screening for acute malnutrition decreased by 30.6%. If community outreach activities do not resume, 90% of the children in need of malnutrition prevention services will not

be reached in 2020.

- **Water, Sanitation and Hygiene (WASH):** The number of people provided access to emergency water supply and with emergency sanitation support was reduced by about 50%.
- **Education:** Approximately 5.8 million students of basic and secondary schools are currently not attending and do not have access to online learning. Out-of-school children enrolled in non-formal and/or alternative education decreased by 81.9% and 1.2 million children have been denied school feeding for their nutritional need.
- **Child protection:** Children and caregivers reached with psychosocial support (PSS) and meals ready to eat (MREs) were reduced by 89% and 98% respectively. Children reached with critical protection services reduced by 29.4% and recorded cases of violence against children and women dropped by 51.1%.

Table 1. Humanitarian Response Plan Targets and Unmet Requirements

		Optimal Target (People)	Unmet Requirements (USD)
	Food Security and Agriculture	19 Million	USD 1 Billion
	Nutrition	6.2 Million	USD 189.5 Million
	Health	7.3 Million	USD 203 Million
	WASH	12.5 Million	USD 199 Million
	Protection	4.7 Million	USD 151 Million
	Shelter and/or Non-Food Items	3.1 Million	USD 230 Million
	Camp Coordination and Camp Management	0.8 Million	USD 32 Million
	Education	3.3 Million	USD 91 Million
	Refugees and Migrants	0.2 Million	USD 72 Million
	Rapid Response Mechanism	0.8 Million	USD 26 Million
	Logistics	N/A	USD 9.9 Million
	Emergency Telecommunications	N/A	USD 2.3 Million
	Coordination	N/A	USD 26 Million

Source: OCHA 2020

Economic Impact

Yemen is experiencing a severe economic downturn from the direct and indirect effects of COVID-19. Previously anticipated to be positive, but slow growth, the International Monetary Fund (IMF) now estimates economic activity will contract by 3% in 2020. (See Table 2.) This is caused by new constraints on domestic supply and demand resulting from containment measures – including market closures, bans on public and religious gatherings – and the increase in transport costs because of border closings.

The country has also been badly hit by indirect

external macro shocks related to the COVID-19 crisis including:

- The decline in international oil prices has sharply reduced oil revenues – the government's main revenue source – leading to an additional fiscal deficit and making salary payments more difficult.
- Foreign exchange inflows have been severely affected by a predicted decline in remittances, placing additional burden on Yemen's already limited foreign exchange, risking further devaluation and rising food prices.

Table 2. National Accounts

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Estimate)
Real GDP Growth Rate	3.3	-15.1	2.2	3.6	-10.6	-30.5	-14.6	-10.0	-1.35	1.6	-3.3
GDP in Current Prices (Billions YER)	6,786	6,644	6,875	7,468	7,139	5,729	5,316	5,190	5,731	6,317	6,329
Average Parallel Exchange Rate	220	214	214	215	215	231	287	370	534	566	750
Population (Millions)	23.2	23.8	24.5	25.1	25.8	26.5	27.2	27.8	28.5	29.2	29.8
GDP in Current Prices (Billions USD)	30	31	32	35	33	25	19	14	11	11	10
GDP Per Capita, in Current Prices, (USD)	1,335	1,305	1,311	1,382	1,287	937	681	504	376	379	333
Inflation Rate (CPI) End of Year %	N/A	N/A	N/A	N/A	N/A	23.9	11.9	18.0	30.7	8.0	14.0

Source: IMF and Internationally Recognised Government of Yemen

The restrictions imposed to slow COVID-19's spread have worsened Yemen's formal and informal private sector with productivity hit in supply and demand. The income impact of COVID-19 will be significant as over 73% of the population rely upon agriculture (e.g. fruits, vegetables, livestock) for income. Lockdowns have restricted transport between farms, wholesalers, retailers, and marketplaces (UNDP 2020) with the agriculture sub-sectors most impacted as transportation costs increase, consumer demand falls, and schools, restaurants, and markets close. Fisheries have also been affected by movement restrictions and border closures (FAO 2020), resulting in lower production for both the domestic market and exports, causing large economic losses (UNDP 2020).

COVID-19 and its related macro and security shocks are further weakening a private sector already decimated by years of conflict. The country's investment climate was poor before the conflict, with Yemen ranking 137 of 189 countries. However, by 2020, it fell to 187 out of 190 – only ahead of Venezuela, Eritrea, and Somalia (World Bank Doing Business Report 2020).

In the past, the private sector was hindered primarily by an exchange rate policy that favored inexpensive imports. The situation, however, changed with the conflict. There is now a lack of internal demand, low access to inputs such as energy, intermediate goods, credit and skills, and costly access to markets – all of which are negatively impacted by COVID-19. Approximately 25% of Yemeni businesses have closed and over 51% have decreased in size and/or scaled down operations (World Bank 2019). Around 73% of those that shuttered cited security and financial constraints as the

main reasons for closure.

As a result, already-high unemployment levels have worsened, and significant private sector capital and skills have migrated overseas. Without additional support, the few remaining large businesses (e.g. construction and import) risk collapse. In addition, thousands of informal micro-small and medium enterprises (MSMEs) are struggling to operate – let alone create jobs. A 2019 World Bank study estimates that a 10% devaluation of the Yemeni Riyal (YER) increases poverty by 2.3 to 5.6 percentage points.

Yemen's small banking sector has been experiencing a major liquidity crisis. In the past, banks depended heavily in their government debt investments (more than 60% of their assets). The halting of oil and gas exports has led to a loss of confidence in domestic banks, causing widespread deposit withdrawals. More recently, the decline in capital flows to the Central Bank of Yemen (CBY) has pushed much of the trade financing to the banking system, especially in the North. In recent months, reflecting a high-risk environment (particularly with the Yemeni Riyal depreciation), the benchmark deposit interest rate has increased over 25%.

Banks have reportedly lost access to important parts of their assets deposited in Lebanese banks, and liquidity could fall further as COVID-19-related defaults are likely to rise. This will have the greatest impact on lending to MSMEs, which have the lowest levels of collateral. Businesses already report very low access to loans and to foreign exchange, but in the absence of banking access, they will depend on their associations (e.g. fisheries) and local micro-credit institutions.

Businesses complain of increased rule of law breaches – including extortion, illegal taxation, protection payments, and forced contributions – imposing high costs and uncertainty on

operations. Substantial spending on taxes, extortion fees, delays, transport issues (including badly damaged roads⁶) and other complex issues add to the burden.

I. Economic Impact on Budget

The conflict has weakened Yemen's fiscal policy and public revenues have collapsed since the start of the conflict. At the height of oil prices and exports in 2008, state revenues represented 35% of the gross domestic product (GDP) and oil revenue was 30% GDP. By 2015, just before the conflict started, revenues were down to 20% GDP and oil shrank to 20% GDP due to lower international prices. In 2019, revenues fell to 8.5% GDP. The IMF estimates revenues will dip to 5.6% GDP in 2020 and will continue falling in 2021 – 2022. (See Table 3.)

The global crash in oil prices has struck a major

blow to the budget, with hydrocarbon revenues shrinking to half their 2019 value. In 1986, Yemen began producing crude oil and gradually increased its production, peaking in 2001. Maturing fields, limited exploration and destruction resulted in declines after 2001. Compared to 2014, Yemen's crude oil production declined by 77% in 2015 – 2016 due to the departure of foreign oil companies. Production and export have slightly improved since, but revenues were badly hit in 2020 by the collapse in oil prices. IMF estimates a value of USD 1.1 billion in 2019 to less than USD 500 million in 2020.

Table 3. Government Finances (Share of GDP)

	2015	2016	2017	2018	2019	2020 (Estimate)	2021 (Estimate)
Total Revenue and Grants	18.4	7.6	3.5	6.4	8.5	5.6	5
Total Expenditure	34.3	16.5	8.2	14.3	13.8	14.7	10.9
Salaries and Pensions	N/A	8.9	7.9	6.8	6.3	5.1	4.3
Overall Fiscal Balance (Cash Basis)	-15.0	-8.9	-4.7	-7.8	-5.3	-9.0	-5.9
Fiscal Deficit in USD Millions (at Average Exchange Rate)	N/A	N/A	N/A	N/A	N/A	-1,156	-802

Source: IMF

⁶ The WB estimates that more than 24 % of the overall road network has now been either partially or fully destroyed since the outbreak of violence in 2015.

Low revenues have severely constrained government expenditures in recent years. The Internationally Recognised Government of Yemen (IRG) has tried to compress expenditures to 15% of GDP in 2019 and – without additional funding in 2020 – will have to cut a third to minimise the inflationary impact. The main challenge has been to maintain payment of salaries and pensions to civil servants.

Salaries have been intermittently paid since 2015, including to critical health, education, and water supply staff. This has severely impacted the middle class and significantly constrained Yemen's public institutional capacity to deliver basic services. In 2019, the IRG was able to pay pensioners and about 88,000 teachers, healthcare workers, and other servants at reduced rates in areas under their control. (See Table 4.) The remaining 214,000 core civil servants in Sana'a and in the North

have been paid infrequently in recent years. As part of the Stockholm Agreement, tariff revenues collected from the Port of Hodeida to pay salaries has not come to fruition. Repairing and consolidating the Agreement is crucial to payment of civil servant salaries.

In addition to low revenues, issues associated with the salary payments can also be contributed to a large payroll. In the 2000's, the wage bill rose to about 1.25 million employees when oil revenues were high (World Bank 2015) with some estimates of a third administered to ghost workers.

The 2019 budget included over 5% GDP deficit that was largely monetised, creating inflationary pressures. In 2020, the IMF estimates that this pressure will rise as there is a projected 9% GDP deficit. A further rise in inflation would have dramatic effects on food prices and should be avoided. (See Table 4.)



Table 4. Payroll and Wage Bill in 2014

		Payroll			Wage Bill		
		(Number of Employees/ Thousands)			(Billions of YER/Year)		
		Total	IRG Controlled Areas	Other	Total	IRG Controlled Areas	Other
Education		257	71	186	246.7	68.2	178.5
Health		35	15	20	33.6	14.5	19.1
Justice		10	2	8	9.6	1.7	7.9
Other Public Sectors		197	35	162	165.5	29.4	136.1
Defence/ Military		443	79	364	345.5	61.4	284.2
State-Owned Enterprises		91	N/A	N/A	162.0	N/A	N/A
Retirees		314	133	181	12.3	62.0	84.9
Total		942	202	740	975.2	237.2	710.6

Source: WB 2015

II. External Economic Shocks and the Evolution of Official Development Assistance

The availability of foreign exchange constitutes a lifeline for the economy. Yemen now relies on imports for 80% to 90% of its basic food, medicine, and energy needs (World Bank 2020). Oil and gas production – which dominated exports – dropped by 90% over the past 10 years. As a result, Yemeni imports fell by 50% to levels unseen since the 1960s; any further

compression would be extremely damaging.

All sources of foreign exchange inflows are being hit in 2020. To prevent a collapse of the national currency, the Kingdom of Saudi Arabia (KSA) had provided USD 2.2 billion since 2018 to support the national currency. And in the recent past, food and fuel imports have been

financed thanks to remittances by Yemenis working abroad (particularly in the Gulf Cooperation Council (GCC) countries), much smaller oil and gas exports, and relatively small non-humanitarian overseas development assistance (ODA) flows.

Together with COVID-19, related global developments are hitting Yemen's economic lifelines: oil revenues have fallen with oil prices,

remittances are predicted to collapse, humanitarian assistance has declined sharply, and the KSA grant is nearly exhausted and has not been replenished. The most recent estimates of the Balance of Payments by the IMF – developed in early 2020 with unrealised, optimistic projections for the 2020 Humanitarian Response Plan (HRP) – shows important financing gaps in 2020 – 2021. (See Table 5.)



Table 5. Balance of Payments (in Millions of Current USD)

	2015	2016	2017	2018	2019	2020 (Estimate)	2021 (Estimate)
Exports of Goods and Services	2,847	1,130	1,001	1,268	1,468	935	980
Hydrocarbon	1,497	255	594	916	1,106	468	529
Imports of Goods and Services	11,596	7,433	7,817	8,854	10,703	8,415	9,192
Hydrocarbon	1,297	1,713	1,970	2,419	3,116	1,849	2,411
Food	933	1,385	1,532	2,137	3,252	3,273	3,293
Balance of Goods and Services	-8,749	-6,304	-6,816	-7,562	-9,236	-7,480	-8,193
Balance of Incomes and Transfers	-831	5,502	6,848	7,069	8,242	6,503	7,017
Remittances	N/A	3,972	4,409	4,509	4,245	3,485	4,018
Donor Financing	N/A	1,530	2,439	2,560	3,997	3,039	3,018
In-kind Donor Grants	N/A	36	31	70	452	21	N/A
Current Account	-4,037	-795	31	-517	-994	-978	-1,196
Change in International Reserves	N/A	802	N/A	587	1,061	553	N/A
Unidentified Financing	N/A	N/A	N/A	N/A	N/A	489	1,274
Gross International Reserves (Millions of USD)	1,523	1,305	1,305	2,719	1,402	853*	853*

Source: IMF April 2020

Note: *Most of the remaining reserves in 2020 are unusable as they are blocked at the BIS and BOE.

Remittances are estimated imprecisely, as much of the flow comes through informal channels. Estimates vary between USD 3 – USD 4 billion annually. Micro-data suggests that one in 10 Yemenis rely wholly on remittances to meet essential needs, with 20% of households receiving them. Remittances were also bolstered by their countercyclical nature, having increased since the conflict began and, in 2017, becoming the largest single source of foreign exchange into Yemen.

Remittances are expected to fall in 2020 – 2021 as Yemenis abroad are hit by the economic slowdown; it is not expected to be temporary. Yemenis working in GCC countries are at risk of losing jobs as infrastructure investment is reduced and nationalisation policies expanded. While the IMF estimates that remittances will fall by 20%, a recent study indicates they dropped by 80% between January and April 2020 (Oxfam 2020).

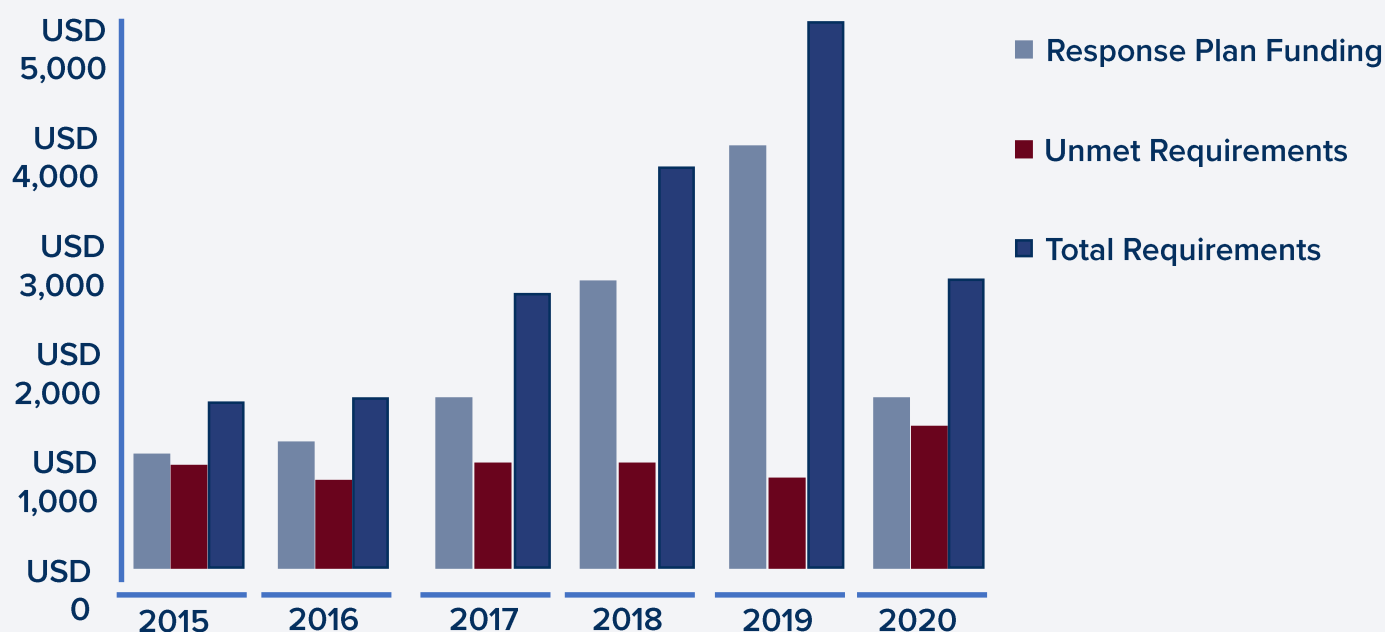
Yemen imports more oil and gas products than it exports. As such, the reduction in global oil prices is favorable to the country's balance of payment, even as it reduces government revenues and negatively affects the budget.

However, despite the global oil price drop, domestic oil prices have risen in the North because of scarcities associated with the Port of Hodeidah closing.

The recent growth in aid volume helped ease the strained economy. ODA has been mostly driven by humanitarian assistance and the resources being channeled by KSA, the United Arab Emirates (UAE), and Kuwait. Other large donors include the European Union (EU), Germany, Japan, Sweden, the United Kingdom, the United States of America (USA), and the World Bank. However, international funding for the humanitarian effort has collapsed.

In June 2020, donors pledged USD 1.35 billion in humanitarian funding for Yemen – over USD 1 billion short of the minimum needed and only about half of the 2019 funds received. (See Figure 10.) By mid-July, the Humanitarian Response Plan (HRP) was only 18% funded and much of what was pledged has yet to be disbursed. The shortfalls have forced the UN to sharply reduce its programmes. The impact, especially on the most vulnerable, is likely to be enormous.

Figure 10. Humanitarian Support (USD Millions)

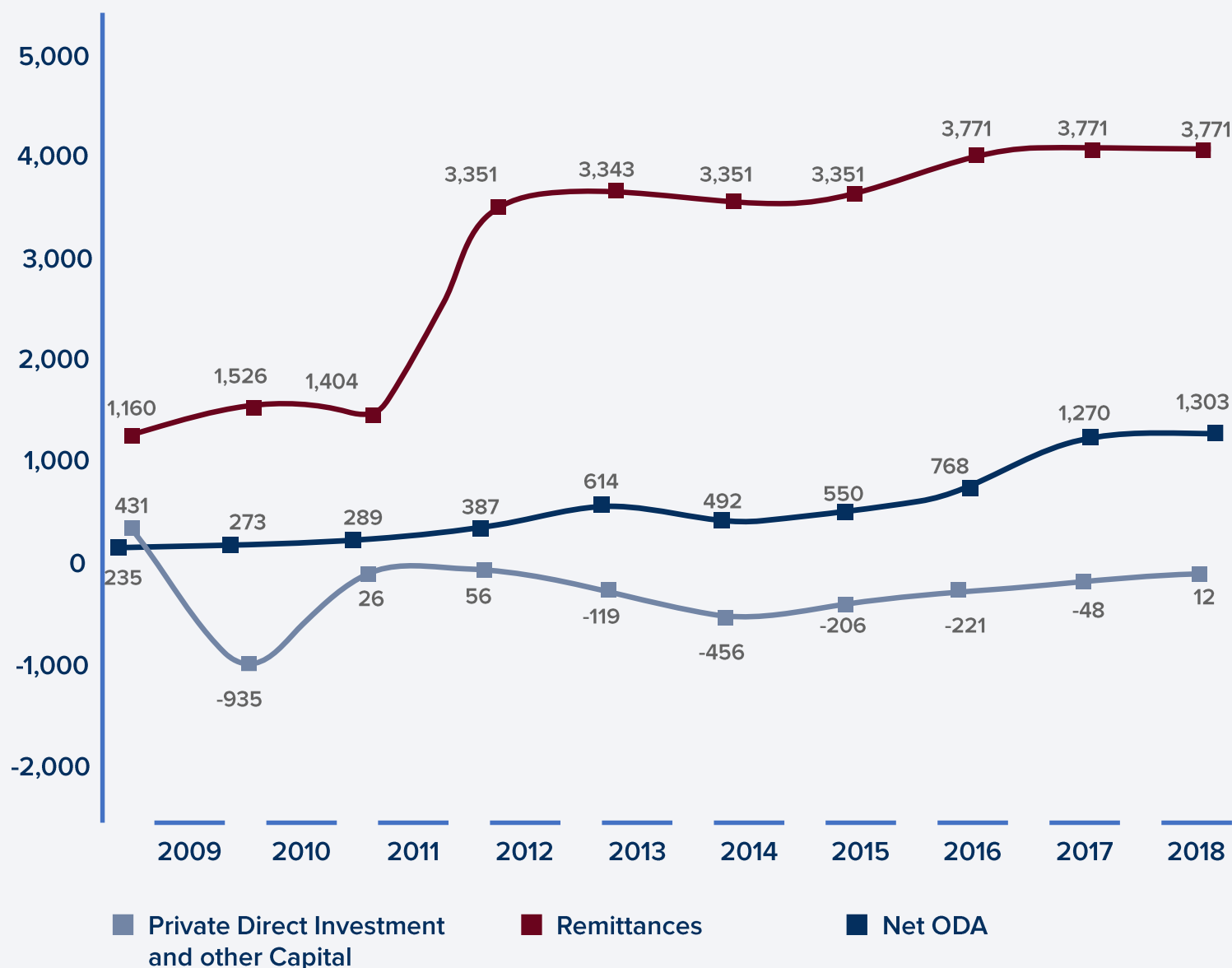


Source: OCHA, various reports

Unlike humanitarian support, development assistance in 2020 – 2021 is expected to remain steady, thanks to regular support from the World Bank, the EU, and other donors. From 2015 – 2019 humanitarian assistance was

dominant; however, of the USD 17 billion in aid, 26% was development assistance – more per year than during the decade before the conflict. (See Figure 11.)

Figure 11. External Flows to Yemen



Source: *External Flows to Yemen (2009 -2018)*, OECD/DAC statistics on ODA and private flows; World Bank for remittances

This suggests the emergence of an important financing gap for the rest of 2020 and for 2021. The financing gap, if not filled, would trigger an unprecedented rapid depreciation of the Yemeni Riyal, and a fast rise in domestic prices, especially food and fuel. KSA budget support (USD 2.2 billion between 2018 – 2020) has been

critical in stabilising the exchange rate in the past three-year period. The recent shocks to external flows and to international humanitarian support – in addition to the suspension or reduction of Saudi aid – would lead to a sharp reduction in Yemen’s ability to import necessities at the same level as before.

Yemen needs a continuation of budget support until it can finance its minimum imports from its own sources.

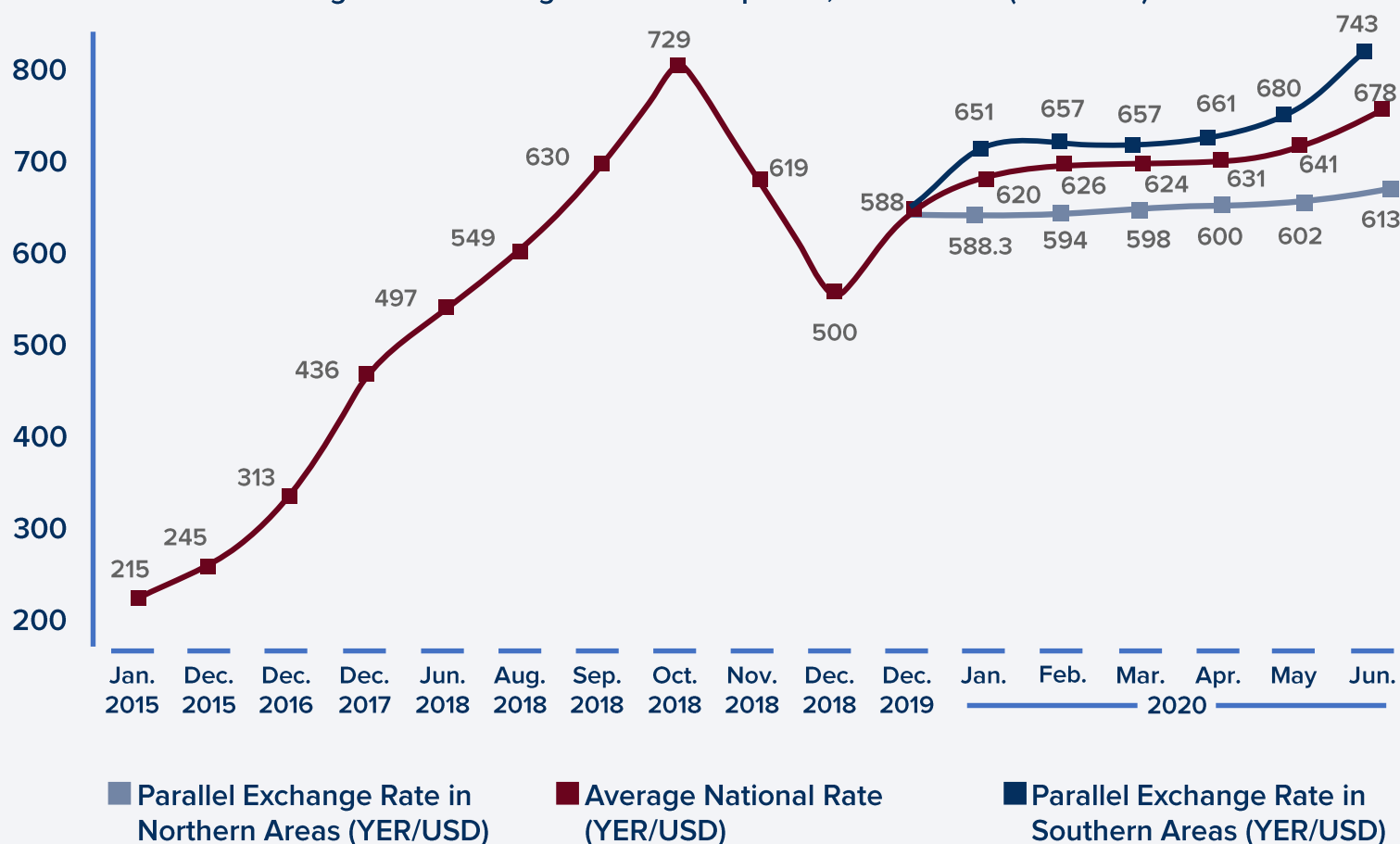
The 2016 move of the CBY headquarters from Sana'a to Aden has left Yemen with two centres of monetary policy, resulting in constrained policymaking. Political negotiations are ongoing, however, a political consensus on CBY reunification has not been reached – a result that would encourage donors to add to its reserves.

The scarcity of foreign exchange – coupled with the monetisation of the fiscal deficit – suggests that the downward pressure on the currency will accelerate if there is no

additional funding. Since 2015, the Yemeni Riyal (YER) has experienced repeated waves of depreciation, creating inflationary pressures and exacerbating food insecurity. (See Figure 12.)

In March 2020, the Riyal significantly depreciated against the US dollar – in Aden from its YER 500 in December 2018 to YER 620 and less so in Sana'a. It is likely that the recent depreciation is primarily driven by the monetisation of the fiscal deficit given the increased discrepancy between the exchange rates in the North and South. Pressures will increase when the effect of lower remittances and the exhausted reserves start adding new pressures on the foreign exchange market.

Figure 12. Exchange Rate Development, 2015 - 2020 (YER/USD)



Source: Central Bank of Yemen

In parallel to an accelerating devaluation, domestic prices of imported basic commodities have also recently risen sharply. In 2020, food prices (e.g. oil, sugar, wheat, cooking oil, and rice) rose between 10% – 20% with some as high as 35% (World Bank Monitor, April 2020). Prices will further increase if international food prices rise in reaction to a protracted COVID-19 crisis. This is a distinct possibility as increasing numbers of countries impose movement restrictions across and within their borders, disrupting food supply chains. Compared to 2019, global wheat prices have already risen 27%.

Yemen's public debt stock is close to 100% GDP. External debt is lower but is largely in

arrears. Even a regularisation of these arrears through a Paris Club restructuring would not reduce the cost of debt service since Yemen does not service most of its external debts. However, it would allow Yemen to access new funding such as the IMF's emergency COVID-19 facility.

In 2020, Yemen benefitted from the IMF Catastrophe Containment and Relief Fund which reduced its IMF debt service by Special Drawing Rights (SDR) 14.4 million (approximately USD 20.3 million) due in the initial debt service relief period from April – October 2020. If relief is expanded, Yemen will not owe anything on the SDR 47.3 million (USD 66.8 million) in the next 24-months.

III. The Peace Process and the Economy

Yemen's ongoing conflict remains unresolved and is deepening societal fragility and fault-lines in Yemen; however, the shock of the pandemic provided a temporary truce. On 25 March 2020, UN Secretary-General António Guterres called the parties to the conflict to end hostilities and ramp up efforts to counter a potential outbreak. They appeared to welcome the call; however, little progress has been made which has impeded COVID-19 responses.

Donor consultations suggest the lack of progress and aid manipulation are significant drivers for the slowing of humanitarian support, slowing the COVID-19 response. The number of disruptions to aid delivery in early 2020 was significantly higher than that reported during 2019. This has led to some donors such as the US and Sweden to temporarily suspend funding.

Other reasons for the decline of support are directly related to the global COVID-19 crisis. The effects of the pandemic on the global economy has led to tightened donor budgets and shifted domestic priorities – particularly among GCC oil exporting countries. This has added to donor fatigue after five-years of one

the largest humanitarian responses in the world and increased criticism about the unsustainability of an approach overly reliant upon humanitarian aid.

While donors would like to see more focus on sustainable development efforts, COVID-19 has made this more difficult for the short term. Despite progress in recent years to link humanitarian, development, and peace-building efforts, comprehensive approaches – although arguably more necessary – are difficult to implement amid a new emergency on top of a protracted crisis. The tendency among donors to respond to new shocks is to revert to an emergency-only mode, risking progress and even reversal on longer term issues like peace-building, livelihoods, agriculture, and social protection – areas even more crucial with COVID-19 political and economic dimensions.

PART II: Five Strategic Pillars

The United Nations recently recommended that support programmes of countries impacted by COVID-19 should switch to emergency mode for the next 18-months to shore up health systems, prevent a breakdown of food systems, restore and “build back better” basic social services, and other measures to minimise its impact on the most vulnerable. The UN Development System (UNDS) also continues to advise Member States on the economic and social measures that must be taken to quickly recover and to establish better conditions for ending poverty and achieving the Sustainable Development Goals (SDGs).

These are designed to operationalise critical areas outlined by the Secretary-General in his recent report “Shared responsibility, global solidarity: Responding to the socio-economic impacts of COVID-19”.

The UNDS recommendation to frame the narrative around five pillars is relevant for the situation in Yemen.⁷ These five streams are connected by a strong environmental sustainability and gender imperative to build back better.

Figure 13. The Five Pillars



⁷ Found in the "A UN framework for the immediate socio-economic response to COVID-19 (October 2020)" document.

Working with local partners, the health system must be protected during the COVID-19 crisis. Equally urgent is to: (a) help protect people through social protection and basic services by protecting jobs, small and medium-sized enterprises, and the vulnerable workers in the informal sector through economic recovery; (b) help guide the necessary surge in fiscal and financial stimuli to make the macro-economic framework work for the most vulnerable while fostering sustainable development and strengthening multilateral and regional responses; and, (c) promote social cohesion and build trust through social dialogue and political engagement and invest in community-led resilience and response systems.

At the local level, different regions and/or areas in Yemen may require a variety of pillar responses. In some regions and/or areas, the need to activate interventions indicated below may be more pronounced, while in other regions and/or areas other interventions may be necessary. Achieving an area-based development approach will require sensitive application of targeting criteria to identify needs and vulnerable groups while being alert to a conflict-sensitive approach and evolving circumstances.

The Strategy's success relies upon improving donor and local partner collaboration, which is outlined in Part 3. Each pillar is outlined below with a basic strategy followed by key actions and recommended outcomes with the central assumption that the political and security situations gradually improve over time. However, this may not necessarily be the case. As such, the need to tighten interventions and/or actions and to prioritise particularly vulnerable groups has been indicated within the pillars, as necessitated by limited humanitarian funding. Additionally, gaps are outlined that may prevent the actions needed to reach the intended outcomes, as well as issues relating to prioritisation, sequencing, and risk management.

Recommendations are sequenced along emergency, response, and recovery phases. The usage of Short Term (ST) refers to the emergency preparation phase (1 – 3 months); the Medium Term (MT) to the response phase (3 – 9 months); and, the Long Term (LT) to the recovery phase (9 – 18 months). To some extent, MT – and especially LT – are more adjustable periods that must be sensitive to evolving circumstances.

Ideally, the early ST response will use existing and potentially reprogrammed resources. MT actions will receive moderate amounts of new financing (including those in the pipeline) based upon improvements in policies and programming. And LT funding will be larger, mainly focused on development activities, benefitting from political gains that allow for improvements in the macro-economic conditions.

Conducting vulnerability assessments is key to ensuring COVID-19 support is appropriately targeted at those most in need. Differences exist with reference to COVID-19 mobility restrictions, spatial, gender, and migration criteria – while bearing in mind intersectional vulnerability and multi-dimensional deprivations. Identifying specific COVID-19 vulnerabilities is difficult as most Yemenis need assistance and limited COVID-19 evidence is available.

It is possible to begin with the work completed by Yemen's UN agencies and donor institutions to identify and target the most vulnerable for purposes of the various project and/or programme interventions. A mix of targeting criteria is usually employed for this purpose; however, at least for social protection purposes, a social risk and lifecycle-based approach may indicate specific risk groups not necessarily captured in the broader vulnerability assessment criteria, although overlaps are discernable.

Social risk indicators used to inform the International Labour Organisation (ILO) social security norms and standards include unemployment, maternity, disability, occupational injury and/or disease, old age, lack of health care, sickness, survivorship, the

need for family support, and exposure to climate change. Recent UN agency and donor institution studies and field observations have highlighted COVID-19 vulnerability contexts, as seen in Table 6 where vulnerable groups are identified within pillars.

Table 6. Key Vulnerable Groups Particularly Affected by COVID-19

COVID-19 Affected Group	Extent/Nature of Vulnerability/Intervention	Pillar
Infected persons	- Health care - Food - Income support - Social cohesion	1, 2, 5
Most at risk groups, particularly the aged and those with co-morbidities	- Protection (e.g. isolation) - Food - Income support - Social cohesion	1, 2, 5
Patients with underlying causes (e.g. cancer, kidney failure, diabetes, cardiovascular diseases) and those in need of critical health care (e.g. pregnant and/or lactating women, and children needing vaccinations)	- Health care - Food - Income support	1, 2
Frontline health care workers	- Protective equipment - COVID-19 testing - Salary payments	1, 4
Persons with disabilities	- Food - Income support	2
Children under five	- Nutrition (including school feeding) - Health care (including vaccinations)	1, 2
Pregnant and/or lactating mothers	- Health care - Food and income support	1, 2
Communities in food catastrophe and/or famine conditions (IPC-5)	- Food - Income support - Involvement in work programmes - MSME and/or informal enterprise support	2, 3
Climate change and other IDPs and returnees	- Food - Income support - Involvement in works programmes - MSME and informal enterprises support - Social cohesion	2, 3, 5

Women-headed households	- Food - Income support - Involvement in works programmes - MSME and informal enterprises support	2, 3
Muhamasheen	- Food - Income support - Involvement in works programmes - MSME and informal enterprises support - Social cohesion	2, 3, 5
Migrants	- Food - Income support - Involvement in works programmes - MSME and informal enterprises support - Social cohesion	2, 3, 5
Households needing shelter maintenance	Shelter and/or housing	2
Children, especially school children	- Food support - Online education - WASH services - Child protection services	2
MSMEs and/or Informal enterprises	- Jobs and income protection - Access to finance and markets	3
Civil servants (including teachers)	Salary payments	4
Women exposed to gender-based violence (GBV) and discrimination	- Psycho-social support - Health care - Social cohesion	1, 5
Girls, subject to child marriages, GBV and female genital mutilation	- Psycho-social support - Health care - Social cohesion	1, 5
Unemployed youth	- Involvement in works programmes - MSME and informal enterprises support	2, 3
Child soldiers	- Psycho-social support - Social cohesion	1



Pillar 1. Health First

Outcome 1: Saved lives by responding to COVID-19 epidemic

Outcome 2: Safeguarded essential health services

Strategic Challenges

The priority should be in preventing the virus from entering Yemen and to try to extinguish clusters of infection as quick as possible. This will require strengthening the role of civil society organisations and the private sector in messaging and tracing infections. While health and economic considerations must be balanced, "flattening the curve" is still key. If COVID-19 continues to quickly spread, its progress will be impossible to stop through a strict lockdown. This would create unbearable economic hardship for the poor who are unable to earn a living and who may not be covered by a sufficient safety net.

As a vaccine is likely in 2021, a balanced effort to flatten the curve is desirable. To do so, a broad set of precautions are taking place – although reports indicate looser oversight – including promoting and practicing hygienic behavior (e.g. washing hands and wearing masks) and preventing mass gatherings. Even if strict measures cannot be imposed nationally, the health sector must be protected as its staff are at high risk of becoming infected which will rapidly reduce Yemen's already fragile health capacity. Moreover, an unsafe sector would lower demand for life-saving services; it is reported that demand is already sharply down as people are afraid to visit hospitals.

Other strategic national functions such as food distribution and nutrition, the provision of power, and core transport facilities should also be protected. If/when the virus spreads, a central focus will be to isolate those most at risk, such as the elderly, and those with co-morbidities.

This approach requires new and enhanced systems, capabilities, and supplies. WHO – in consultation with authorities in Sana'a and Aden, UNICEF and other health partners – has developed a national plan based upon agreed strategic actions. The plan will prepare the public health sector to respond to COVID-19 by improving controls at the border, scaling up prevention and treatment capacity, and maintaining the safety of the health care system and other core functions. Implementation has already started. There is also a keen interest among the health community to strengthen the health system and make progress toward universal health care.⁸

⁸ More specifically, the plan outlines actions across 8 major areas of public health preparedness and response: (1) Country-level Coordination, planning and monitoring; (2) Risk communication and community engagement; (3) Surveillance and rapid-response and case investigation; (4) Controlling points of entry; (5) beefing up the capacity of National Laboratories; (6) Infection, Prevention and Control (IPC); (7) Case management; and (8) Operational support and logistics.

Actions for Pillar 1, Outcome 1 (Saved lives by responding to COVID-19 epidemic)

ST: Protect the border as tightly as possible.

ST: Apply responsible social distancing to help prevent virus rapid spread.

MT: If infection spreads, isolate those at highest risk of death, such as the elderly, and those with co-morbidities.

ST: Trace rapidly and isolate infected persons.

ST/MT: Communicate clearly to the population the risks created by COVID-19.

Gaps

Vigorous messaging is needed to raise awareness about basic COVID-19 facts so they can contain and respond to the spread of the virus. Central to this is to ensure compliance with social and physical distancing and hygiene prevention measures to slow the virus' spread. The role of trusted community institutions like local media, health facilities and hospitals,

schools, and mosques will be crucial. Communication for development is critical for preventive work in a successful COVID-19 socio-economic framework response. Experience from the Cholera outbreak and response, and the large network of volunteers across the country, should be drawn upon. (See Box 1.)

Box 1: Best Practice Lessons from Cholera Response

In 2017, Yemen witnessed a cholera outbreak of unprecedented proportions leading the Ministry of Health and Population (MoHP) declaring a state of emergency. The donor community rapidly established an integrated response across the country after thousands of suspected cases, and hundreds of associated

deaths were reported.

The rapid mobilisation of donors and local parties to fight Cholera offers a rich experience in what does and does not work with important lessons on how to fight COVID-19. This includes donor flexibility in reorganising

projects, planning with real-time data, and mobilising actors and finance – all relevant aspects for shaping the response to COVID-19.⁹

The plan intended to reduce occurrence and to minimise morbidity and fatality through control and prevention. The strategy prioritised the response to the most affected districts in relation to daily observations on the ground. The plan included emergency health, WASH, and communications interventions to contain and prevent further spread of the outbreak in the high-risk districts. Monitoring was based on epidemiological analysis of the outbreak including contact tracing, incidence, case fatality rate, attack rate and mapping areas with contaminated water at the household level.

The effort followed two parallel tracks, with priority given to control activities when sufficient capacity was unavailable to respond to all districts under prevention and control approaches.

- Early/rapid response activities as suspected cases were reported. This included

enhanced early warning surveillance, timely laboratory confirmation, improved case management and infection control, strengthened water, sanitation and hygiene, and provision of essential supplies.

- Integrated prevention activities – characterised mainly by WASH, Health and Communication for Development (C4D) strategy – to protect people at all levels, even those who lived in unaffected but at high-risk areas of acute watery diarrhea (AWD) and/or cholera.

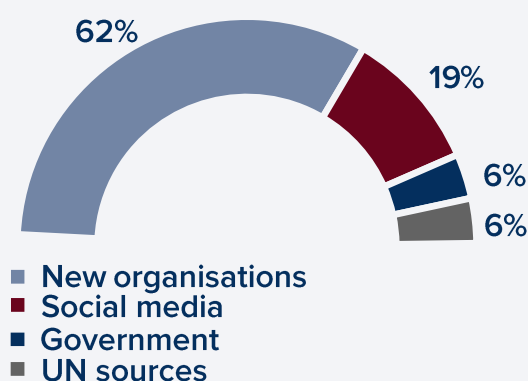
Long-term prevention to improve behavioral changes, water quality, sanitation, and hygiene conditions – while all desirable from a sustainability perspective – were not feasible given the emergency and lack of resources. Donors (e.g. WB, UNICEF) provided USD 66.7 million in new and reallocated funding. In a “tracing and messaging” effort, UNICEF assembled over 6,000 volunteers across Yemen. Health and WASH clusters continually identify priority districts by on-the-ground monitoring, reporting caseload and attack rate to a central operation room.

To improve the capacity to stop the entry of the virus (at the border), detect affected persons (testing), and isolate them (quarantine) requires rapid efforts to improve the capacity of several organisations. Given current limited capacity, stopping the spread must focus on high-risk groups – particularly in highly dense urban areas and IDP and refugee camps. People must be encouraged to alert authorities of suspected cases so they may be investigated and verified, and contacts properly traced. And individual and family-related stigma must also be reduced through the outreach campaign so testing and reporting are properly conducted.

Yemenis receive their information largely from traditional and social media. Therefore, communications and outreach efforts must involve and empower journalists, civil society groups and the youth. (See Figure 14.) Aid agencies have activated approximately 26,000 community-based volunteers and influencers to raise awareness on how the virus is transmitted, how people can protect themselves, and the steps to take if illness strikes. Together with mass media messaging, these activities have reached millions of people and evidence indicates the messaging has promoted action. (See Figure 15.)

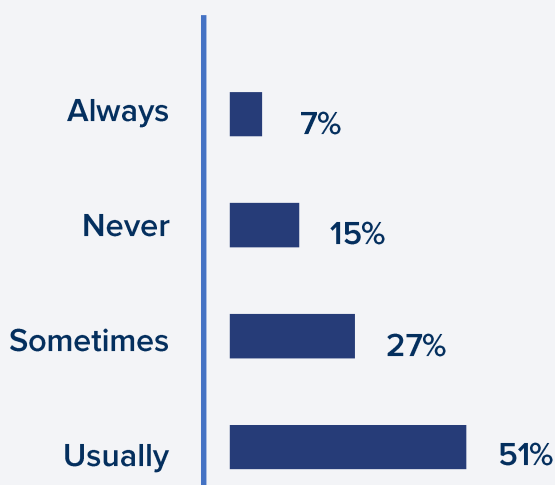
⁹ See: "Integrated Response Plan: Yemen cholera outbreak (15 May 2017)"; and: "Proposal to Strengthen Response to Cholera Outbreak and Famine Risk under YECRP."

Figure 14. Households Source of Information about COVID-19



Source: mVAM

Figure 15. Households Adopting Preventive Measures against COVID-19



If or when the virus spreads rapidly, isolating the most at-risk population can save countless lives – including the elderly and those with co-morbidities. Identifying this group, and how to isolate them in a way that is culturally appropriate, requires innovation to discover and support community and household mechanisms that can work in low capacity settings.

Close humanitarian and development coordination are needed to ensure strong coordination. Services must be prioritised that are provided to the most vulnerable groups such as: IDPs; children; refugees and migrants;

people suffering from malnutrition; those with co-morbidities and higher susceptibility including patients with chronic health conditions and compromised immunity; persons with a disability; and, those needing mental health and psycho-social support services.

Operationalisation of the national plan also entails strategic and operational coordination of health and non-health actors including respecting the ceasefire, eliminating humanitarian access limitations, and ceasing attacks on health care facilities.

Actions for Pillar 1, Outcome 2 (Safeguarded essential health services)

ST: Strict compliance with basic Infection, Prevention and Control (IPC) principles at all health facilities and in other strategic sectors.

ST: Improve capacity of health sector to treat COVID-19 cases in isolated locations.

ST: Pay top-ups to COVID-19 front-line workers.

LT: Use international focus on health to prepare plans with partners for first rehabilitation and then expansion of the sector (when political conditions allow).

MT: If infection spreads, maintain essential health services and other national services by tightening IPC controls while paying top-up salaries to all health workers.

Gaps

Safeguarding essential health services must include maintaining safe health care. This requires attention in ensuring compliance with basic IPC principles at all health facilities – particularly at the first point of care which is likely remote primary health care facilities. The use of health facilities has dropped by 25% for fear of infection while at the facility.

In addition to health products, an efficient COVID-19 response must support critical needs such as the provision of water and sanitation, fuel, energy, food and nutrition, telecommunications and Internet, financial resources, and transportation services. (See Outcomes 3 and 4.) To limit the broader COVID-19 humanitarian response, preventive precautions must be implemented to ensure staff safety and improve their mobility, and to facilitate the supply chain of goods and materials flow across the country. Important is also the provision of logistics services. Yemen must learn from global COVID-19 experiences to adapt and normalise its virus practices and the development of various protocols (e.g. in ports, warehouses, in transit, and in cargo handling).

With COVID-19 in mind – and despite competing demands – all efforts to ensure ongoing, lifesaving programmes remain uninterrupted and will continue. This is particularly the case with essential health

services, including mental health, and sexual and reproductive health to vulnerable communities – including displaced communities, migrants, and hosting communities.

Support must be provided to national COVID-19 prevention efforts through leveraging and expanding laboratory and clinic capacity such as testing, vaccines, screening, training, and capacity building. Strategic shifts must establish effective patient flow including screening, triage, and referral. Priority must be given to preventing communicable diseases, averting maternal and child morbidity and mortality, maintaining treatment of existing chronic conditions, and managing time-sensitive emergency interventions.

Protection of non-COVID-19 facilities must also be ensured to allow patients to continue receiving health care services – particularly those with underlying causes such as cancer, kidney failure, diabetes, cardiovascular diseases, as well as those in need of critical health care, including pregnant and lactating women, and children (e.g. in respect of vaccinations).

The plan also focuses on better equipping the health sector – particularly at the district level – and improving its capacity to detect, isolate, and treat COVID-19-affected people. Critical

gaps must be filled in material, staffing, and capacity in areas such as infection prevention and control, testing, contact tracing, isolation, case management, and strengthening the health sector security.

The rapid procurement of large quantities of supplies such as drugs, protective gear, and equipment – and their fair distribution – is essential. With the expected global procurement congestion, the local private sector will be key in delivering locally produced products and will require planning and financing.

The total cost of the plan is USD 180 million; USD 76 million is needed in 2020. To date, several donors have expressed interest or have pledged financial support, some of whom include the WB, KSA, the United Kingdom's Department for International Development (DFID), and the Islamic Development Bank (IsDB).

Paying top-up salaries to COVID-19 front-line health staff is being considered to compensate for the risks and loss of wages. WHO estimates

that about 9,500 in-country health care workers are available to support COVID-19 management, although some will need to be repurposed and require COVID-19-specific training. Topping up frontline health staff salaries to maintain 2014 salaries in current real US dollars will cost about USD 50 million a year (UNDP, 2020(d)).

The effort should aim to improve the entire health sector, otherwise the response will be unable to ensure the health system resilience. Based upon an evidence-based COVID-19 strategy for Yemen, it should aim to make progress toward universal health care (beyond 50%), improve quality, and address new and old barriers – particularly at the district level.

Accelerated efforts to rehabilitate the physical, human, and technical capacity of the health sector are needed, as well as reviewing the sector funding envelope including holistically addressing salaries of the health workforce. The cost of paying 2020 salaries for all 35,000 health workers is estimated at USD 120 million a year.





Pillar 2. Protecting People

Outcome 3: The most vulnerable protected through safety nets

Outcome 4: Basic services protected

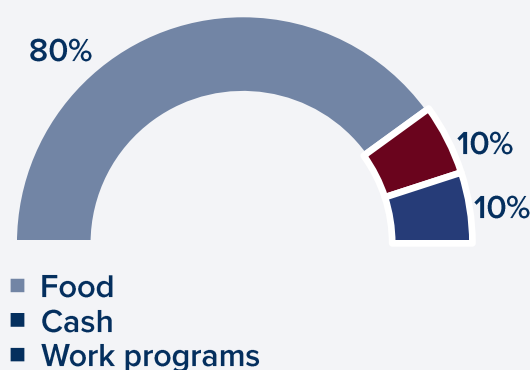
Strategic Challenges

In the short term, the main strategic challenge is that social protection needs have risen sharply in response to COVID-19 at a time when humanitarian assistance – an important pillar of the social safety net – has shrunk. The cash transfer and cash-for-work pillars may be able to help adjust the strategic plan structure to reflect current circumstances. Both must increase over time as they currently represent a small share of the overall strategic plan, reflecting the fast humanitarian response to past crises. (See Figure 16.)

Three pillars – food, cash, and work – must be

integrated in a more coordinated manner to reduce double dipping, avoid "misses", and develop a clearer poverty reduction model. While there are constraints – including political – on adjusting the structure in the short term, it must: (a) target humanitarian aid to top priority needs; (b) make cash transfer more flexible to accommodate new needs; and, (c) scale up the work pillar as much and quick as possible. Additionally, all interventions should fit within the new COVID-19 constraints. Among others, this would imply investing in digital payment modalities as regards cash transfers.

Figure 16. 2019 Distribution of Social Protection Funds between Food, Cash, and Work



Source: SDT, UNICEF, and WFP Annual Reports

Note: "Food" includes other forms of Humanitarian support.

Protecting basic services is key and coping strategies must be adopted when and where necessary. In the short term, COVID-19 infection spread impacts the delivery of basic services – including education, WASH, health, and child protection services. To be continued as before, delivery methods must be adapted to ensure a secure environment – including improved protection and innovation (e.g. how to deliver distance education with low Internet connectivity).

Social sectors require additional support to deliver as they face difficulty responding appropriately due to issues such as such as payment of salaries for teachers, university professors and employees and deteriorating or destroyed assets. An early focus on the initiatives required to adjust education, WASH, child protection, and health to the COVID-19 situation will be necessary.

In Yemen, social security is not informed by an overarching social protection strategy and is weakly developed and implemented, and dysfunctional in several respects due to ongoing conflict (Azaki, 2015; Ministry of Planning and International Cooperation (2020(b)). Even before the conflict, the overarching public spending on social protection was very low at just 0.06 – 1.0% of Gross Domestic Product (GDP). Measures must be in place to reform the currently limited framework for contributory benefits.

Separate social insurance schemes for public servants, private sector employees, and the military are financially bankrupt and health insurance is only available for public sector employees. Separate and dedicated short term contributory schemes that provide sick benefits, unemployment insurance, or maternity protection do not exist. The contributory system has limited application, even in the formal private sector where approximately 70% of employees are not covered. No provision is made for the coverage of workers in the informal economy.¹⁰

Several safety net arrangements existed before

2015. However, the programmes provide insufficient support and are largely outdated – including non-contributory benefits for the most 1.5 million beneficiaries from vulnerable households paid by the Social Welfare Fund (SWF) in 2014. UNICEF has taken over the SWF payments in a caretaker capacity since the conflict started.

The SFW beneficiary list has not been updated and has issues with targeting, among others. Disability services including medical and curative services, in-kind and financial assistance, and education services are provided by the Disabled Care and Rehabilitation Fund (DCRF). Due to a lack of funding, however, only 23.6% of all registered cases could be served in 2019. Several of the line ministries implement non-contributory sector-specific social protection programmes.

Important informal and semi-formal safety net modalities also exist in Yemen and can be strengthened to improve protection in the absence of a strong public system. These modalities include the payment of Zakat and voluntary contributions to support the poor and the needy.

Actions for Pillar 2, Outcome 3 (The most vulnerable protected through safety nets)

ST: Make interventions COVID-19 "friendly".

ST: Top-up cash assistance for those most affected by COVID-19. For example, households in urgent need of shelter maintenance and those led by women and children and that have persons with disability.

¹⁰ Social Security Administration (SSA) & International Social Security Association (ISSA) (2019) *Social Security Programmes Throughout the World - Asia and the Pacific*, 2018) 18, 291-294.

ST: Targeted cash, food and nutrition, health, and WASH services to severely food insecure who are unable to work, provided through well-targeted safety nets and humanitarian assistance. For example, children under five benefiting from school feeding programmes, lactating mothers (via health programmes), communities in food catastrophe/famine conditions (IPC-5), female- and child-headed households, persons with disabilities, the Muhamasheen, IDPs, and migrants.

ST/MT: Increase “cash plus” interventions and links with MSMEs.

MT/LT: Implement dedicated programme interventions focused on underserved groups.

MT/LT: Federate and scale up works programmes to households affected by poverty shocks with members able to work and move to a national productive safety net.

MT/LT: Repurpose and strengthen informal social protection/consider informal workers’ strategic social protection modalities.

LT: Develop comprehensive frame/plan across HDP nexus on strategic plan, including on data sharing, planning, execution, and evaluation.

Box 2: Moving Toward a Comprehensive and Sustainable Social Protection Framework

The absence of an agreed upon Yemen social protection (SP) strategic framework has led to the lack of clear direction and contributed to several challenges. Despite considerable work by collaborative structures in humanitarian cash – particularly the Cash and Market Working Group (CMWG) and the Cash Consortium of Yemen (CCY) – there a lack of coordinated approaches on programming, institutions, and implementation across the cash, food and works areas and beyond the humanitarian response.

Some of the issues include a lack of common and shared beneficiary databases and a lack of

agreement on the use of biometric data capturing, evident from misaligned beneficiary targeting criteria and transfer values, in addition to the low level of transfer values. Duplicating/parallel structures at the community level exists and there are significant coverage gaps that exclude or insufficiently accommodate some vulnerable groups. Additionally, independent impact assessments outside Third Party Monitoring are largely absent. There is also insufficient focus on informal SP modalities and the sustainable labour market participation must be developed to harness income-earning capacity and beneficiary potential.

A strategic vision to create a comprehensive and sustainable SP framework must be developed. In the short term – especially in view of COVID-19 – interventions should focus on preventing acute humanitarian needs. In the medium to long term, key dimensions of arrangements needed to inform humanitarian and development objectives (and beyond) must be developed with national authorities/institutions. This includes:

- Develop an agreed upon primary SP programming focus to create sustainable livelihoods, including achieving minimal cash and food support, access to essential services and health care, and enhancing income-generation potential to address multi-dimensional deprivations.
- Develop and agree upon a common template for evidence-based vulnerability assessment to inform interventions across the Humanitarian-Development nexus, including underserved vulnerable populations to achieve the SDG objective of leaving no one behind. Implied are the following: (a) agreed poverty and vulnerability concepts; (b) flexible targeting criteria; (c) transfer values tailored to include food security index; (d) biometric data capturing; (e) agreement on transition from food to cash, except where particular vulnerabilities require continued food delivery; (f) periodicity and reliability of payments; (g) payment platforms; (h) and ease of access for beneficiaries including the development of digital and mobile payment facilities to ensure financial inclusion (DFID, 2019(b)). (See Part 3.)
- Incorporate informal social protection arrangements such as Zakat, Takaful, community-based informal and charity support, and coordinated use of remittances for SP purposes. Consider the development of appropriate SP interventions for those engaged in the informal economy.
- Ensure that the institutional, data, and funding arrangements enable and support the development of an integrated and developing SP framework. And regularly collect data about social protection and SDGs for an efficient risk and vulnerability assessment. (See Part 3.)

Gaps

COVID-19 has placed significant mobility constraints on aid delivery. For example, humanitarians and implementing agencies have adapted intervention strategies and operations such as social distancing-sensitive school meal distribution and cash-for-work arrangements but fear of infection has impacted access to healthcare and other services, quarantine measures delay food imports, and work/services are suspended when a COVID-19-safe work environment is not guaranteed.

Reduced humanitarian funding is pushing the UN to sharply reduce their activities. Instead of redefining what is possible with the existing funding, there is a risk to shave all programmes. For the rest of 2020, WFP

requires USD 737 million (WFP 2020(b)) while UNICEF needs USD 535 million (UNICEF 2020(a)). The funding deficit has led to comprehensive scaling back and more targeted cash, food, health, and WASH services will need to be focused only on the most vulnerable groups (UNICEF, 2020(a)).

Although those who receive priority attention must be defined in consultation among major stakeholders, it will likely include children under five benefiting from school feeding programmes, lactating mothers (via health programmes), communities in food catastrophe and/or famine conditions (IPC-5), IDPs, female-headed households, persons with

disabilities, the Muhamasheen, and migrants.¹¹ Most agencies will rely upon their own targeting mechanisms and have operational flexibility, despite challenges with determining and verifying vulnerability status.

Already being discussed in the donor community and among UN agencies, moving from aid-in-kind to cash assistance would help operational savings and usher in much needed foreign exchange. This will support local food production and enhance the capacity of the private sector (DFID, 2019(a)). For example, for WFP, transitioning from aid-in-kind to cash support will mean continuing food delivery to those who remain most at risk of food insecurity (e.g. school meals for vulnerable

children and persons with disabilities).

Some of the social protection system adjustments should be undertaken by the cash and work pillars; however, the cash pillar is constrained in terms of flexibility. For example, the UNICEF/WB Emergency Cash Transfers Project (ECTP) has a funding envelope of approximately USD 100 annually, reaches 1.5 million households (9 million individuals) in all districts but must use the pre-conflict and static beneficiary list of the Social Welfare Fund (SWF).¹² Updating the list to reflect additional recipients requires political considerations and should be done with care. (See Box 3.)

Box 3: Impact of Unconditional Cash Transfer Programme on Child Nutritional Status (IFPRI, 2019)

The study contains an analysis of the impact of the SWF cash transfer programme now being implemented under UNICEF's ECTP on the nutritional status of children affected by the conflict – measured on the basis of weight-for-height z-scores (WHZ) and mid-upper arm circumference z-scores (MUACZ). The results provide strong evidence that the transfer programme counteracts the detrimental

impact of the conflict and suggest that an unconditional cash transfer system can be an effective tool in situations of complex emergencies. They also reveal that the regularity of transfer payments influences impact as regular assistance allows households to better control their food consumption and other demands influencing child nutrition outcomes.

Fiduciary weaknesses have become apparent in cash transfer programmes and pose a serious threat to donor partnerships. Urgent solutions must be found. However, funds permitting, the value of cash transfers should increase as

prices have increased. It is estimated that the ECTP local currency grants transfer value provides approximately 10% of the typical 2019 family food basket cost (DFID, 2019(b)).

¹¹ ACAP, 2020; IOM, 2020; Ministry of Planning and International Cooperation, 2020(b).

¹² Already in 2014 the National Social Protection Monitoring Survey reported that though the SWF programme was commendably pro-poor, there were significant inclusion and exclusion errors of the targeting mechanism: 44% of the extreme poor were excluded, despite the programme covering 35% of the population, whilst 27% of beneficiaries were not poor or vulnerable according to programme criteria (EU, 2019).

Raising new funds that can complement the cash transfer programme in more flexible ways should be considered. For example, the DFID ECTP cash top-up can be used for the most severely COVID-19 affected households, in particular households excluded from the SWF beneficiary list. Work programmes can and should also be expanded, to protect households affected by COVID-19 when the breadwinner cannot work, while at the same time contributing to community resilience.

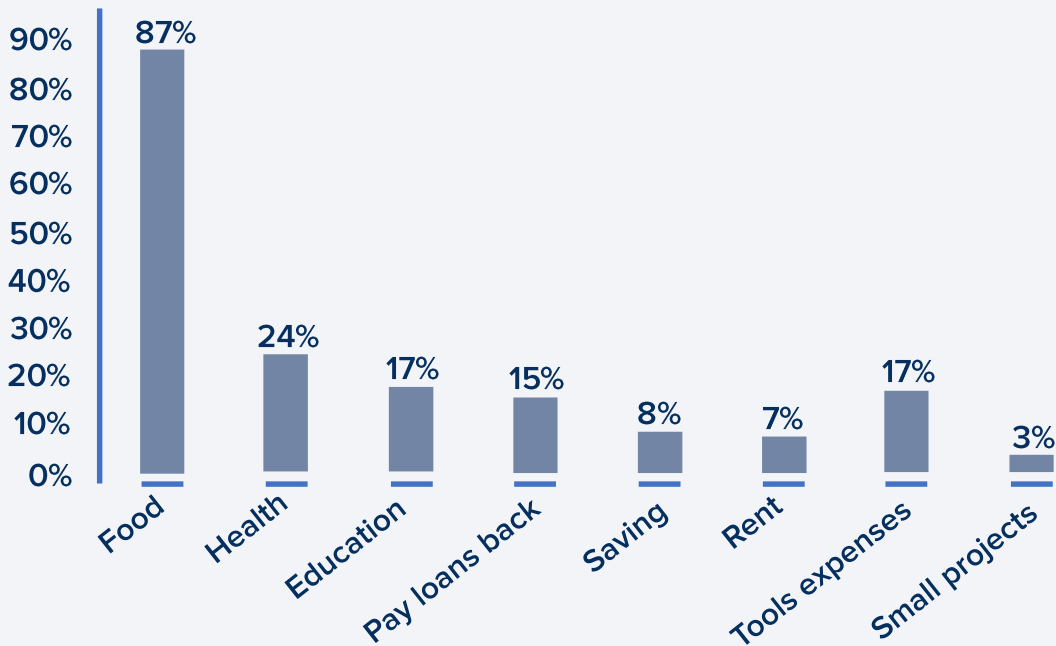
While food has consistently been reported as the top priority need, cash allows households to use the support received for their most immediate needs. For example, 91% of emergency cash transfers and 65% of the cash-for-work money is used to purchase food (MCLA, 2019; World Bank, 2020(c)). (See Figure 17.)

Over the medium to long term, reforms must

aim to improve the way the social protection system functions and to build upon the development agenda. Despite existing partner collaboration clusters, programming and operational models for food, cash, and public works interventions are largely uncoordinated with significant gaps, duplications, and information exchange challenges.

Improvements may be possible by embedding cash and food programmes into a broader environment to help facilitate access to a wider range of social services, reflected in current “cash plus” approaches. And in the longer term, on the basis of a “graduation model”, a range of other services can be offered through NGOs and the private sector, including accessible financial services such as safe savings, transfers and micro-credit; financial literacy and small business management; income generating activities and vocational skills upgrading; and, non-formal and civil education (DFID, 2019(a)).

Figure 17. How Beneficiaries Spend the World Wages



Source: World Bank ECRP evaluation, 2019

Note: Figures do not equal 100% as respondents were allowed multiple responses.

Consolidating, combining, and scaling up work programmes should be done in the medium to

long term to reach vulnerable households affected by poverty shocks. The design and

introduction of a national public works programme for households affected by poverty shocks, but still able to work, should be a long-term goal. (See Box 4.) The performance of Social Fund for Development (SFD) regularly

exceeds programme targets, attesting to the possibility of protecting incomes while (re)building priority community and environmental assets. (See Table 7.)

Box 4: Productive Safety Net Programmes (PSNP) in Ethiopia and India

In Ethiopia, the PSNP began in 2005 with the goal of moving from humanitarian support to prevent famine, to a sustainable safety net that would offer protection against malnutrition while pulling households and communities out of poverty traps. The programme has been supported by humanitarian donors (led by WFP, UNDP, and USAID) who moved from annual to multi-year pledges, development donors (led by the World Bank and the EU), and the Ethiopian government.

The programme employs between five and 15 million people annually, depending on the weather, and it also includes a cash window for households where member cannot work. The expectation that income can be earned during downturns has allowed households to accumulate assets. The investments have largely focused on rehabilitating environmentally degraded regions, improving agricultural productivity such as terracing and re-forestation, and re-greening large expanses

of degraded landscapes (Cochrane and Tamiru 2016). The programme includes transparent redress mechanisms and encourages communities to coordinate plans across watershed units.

In India, in February 2006, the Union government launched the National Rural Employment Guarantee Act (later renamed the Mahatma Gandhi National Rural Employment Guarantee Act). It was extended to all districts in 2008 and is the largest and most ambitious social security and public works programme in the world. Approximately one-fourth of all rural households in India participate in it annually. Workers covered by MGNREGA have the following rights: employment on demand in the form of an application to the local government office; minimum wage; payment within 15 days; basic worksite facilities; and, social audit accountability and grievances mechanisms (Sabates-Wheeler and others, 2017).

Achieving a coherent programming approach will require much closer collaboration between donors, implementing agencies and Yemeni authorities. These efforts must focus upon governance arrangements and institutional capacity, as well as maintaining technical functions and strengthening service delivery capacity (DFID, 2019(b)). Donor agencies, implementing partners and national stakeholders are encouraged to agree upon and collaborate closely on data sharing, planning, programme execution and monitoring and evaluation.

Concrete measures include designing a common beneficiary list, agreeing upon poverty and/or vulnerability concepts, and establishing flexible targeting criteria and transfer values appropriately tailored to include a food security index component and biometric data capturing. (See Box 3.) Replacing the narrow focus on vulnerability and poverty with the broader social protection floor and life cycle-linked social risk approach will extend support to those exposed to social risks. These should include, but not be limited to, pregnant and lactating women; infants and

children; persons with disabilities; the elderly; unemployed persons and workers exposed to occupational injuries or diseases; those in need

of health care; and, survivors. Other vulnerable groups not otherwise sufficiently protected, IDPs and returnees should also be considered.

Table 7. SFD Cash-for-Work Programme Output

Interventions	2011 - 2018
Agricultural lands and terraces that have been protected and reclaimed – hectares	9,752
Capacity of constructed and rehabilitated water tanks (tanks and cisterns) – cubic meters	489,592
Improved and protected roads – kilometers	364
Protection and rehabilitation of wells	2,094
Houses protected from floods	7,082
Constructed latrines	27,316
Length of irrigated canals – meters	86,498
Home gardens	4,734
Pavement streets – square meters	866,368
Construction of rooftop rainwater harvesting cisterns	9,396
Rehabilitation of pastures – hectares	228
Rehabilitation of agricultural irrigated lands – hectares	6,884

Source: Social Development Fund for Yemen, Annual report, 2018

Integration of the informal forms of social protection should be considered in the overall system. Zakat plays a critical role in community and household support and comprised 18% of GDP in 2009 – 2012 (UNICEF, 2019(a)). An agreement with the Zakat House in Yemen could repurpose the money to serve the social

protection needs of the most vulnerable. Similar efforts can be made with religious personal transfers (Takaful), personal endowments, and remittances.

Long-term plans to spearhead the evidence-based development of a national social

protection strategy should also be made. Both the contributory and the non-contributory social security environment must be strengthened and redesigned where necessary. Active steps must be taken to develop appropriate social protection interventions for the informal economy which accounts for 73.7% of total jobs.¹³ By 2018 – 2020, the self-employed constituted 85% of the total workforce due to job losses in the formal economy (Ministry of Planning and International Cooperation 2020 and ILO 2016(b)).

Links to other Outcomes: The design of public works programmes (e.g. cash-for-work) correlates closely with labour market programmes (e.g. skills, employment services,

formalisation and entrepreneurship development) to ensure long term impact (Outcome 5) and addressing among others environmental concerns (Outcome 10). The recommendation on working with national institutions finds very concrete application in the social protection area in the proposed enhanced role for national institutions and the Yemeni private sector in the delivery of social protection. Furthermore, positive developments on the macro-economic front will reduce vulnerabilities in a dramatic way.



¹³ According to the 2013–2014 Yemen Labour Force Survey.

Actions for Pillar 2, Outcome 4 (Basic services protected)

ST: Integrate COVID-19 into existing donor projects and reorganise existing donor projects to current need of combatting COVID-19 and macro shocks.

ST: Adjust school meal provisions for most at risk population by utilising social distancing-sensitive and take-home practices (e.g. for persons with disabilities, IDPs, Muhamasheen).

ST/MT: Find ways to ensure continued access to education via social distancing sensitive methods such as second shifts, online/radio teaching.

LT: If political and salary situation improves, strengthen national institutions in planning, coordinating, and implementing projects to rehabilitate and expand basic services.

ST: Ensure social distancing in schools, WASH facilities, and make these institutions and their employees (teachers) champions for the promotion of responsible sanitary behavior.

ST: Prioritise WASH interventions to improve combating COVID-19 infections, especially in schools and public spaces (e.g. markets and public transport).

MT/LT: Re-energise plans for rehabilitation and expansion of education, WASH, with attention to vulnerable groups, child protection services, and support for those affected by violence.

Gaps

Gaps in – and duplication of – services must be dealt with within the framework of coordinated and joint programming and execution. An urgent effort is needed to tailor the delivery of social services to the COVID-19 context such as ensuring social distancing, making schools and health facilities and their employees champions for the promotion of responsible sanitary behavior.

Providing school meals also requires adjustment by using social distancing-sensitive and take-home processes with special arrangements for the most at risk populations.¹⁴ WASH interventions must be prioritised to support combating COVID-19 infections, especially in schools and public spaces. Ensuring continued access to education via social distancing sensitive

¹⁴ ACAP, 2020; IOM, 2020; Ministry of Planning and International Cooperation, 2020(b).

methods, online and/or radio teaching (e.g. digital e-learning), and home schooling – where possible – will be required.

Child protection services and support for those affected by domestic violence are needed but must be offered with infection prevention in mind. Food and nutrition constitute key essential services, which must be protected and maintained in the COVID-19 context.

These measures require robust cross-sectoral coordination and on-the-ground mechanisms among education, health, social protection, and child protection not only to prevent the infection, but to serve as incentives for parents and children go back to school. In post COVID-19, emphasis should be placed on implementing the Yemen Transitional Education Plan.

Delivery of basic services is constrained by the non-payment of salaries and limited financial

support available to teachers. As of end 2019, there were more than 2 million children out of school. The education of another 3.7 million children now hangs in the balance as teachers' salaries have not been paid for over two years. Government revenues will continue to fall for the next few years, shedding an additional constraint on the education sector. The total salaries and/or wage bill are expected to add up to more than YER 240 billion per year – the second highest sector when it comes to public payroll expenditures in Yemen.

Yemen's severe economic downturn directly impacts livelihoods and may further increase the number of children out of school – ultimately affecting skills development and the country's future potential of economic development. School fees impact access to education and damaged and/or destroyed basic service assets are obstacles.



In the medium to long term, if salaries are paid, restoration plans for basic service infrastructure and delivery must be re-activated. Expanding access to education, child protection services, WASH, and protection for victims of violence is needed. And the reformed social protection architecture recommended in Outcome 3 must also be in place.

Gaps in – and duplication of – services must deal within the framework of coordinated and joint programming and execution. Ideally, national institutions should be enabled and involved in the planning, coordination, and implementation of projects to rehabilitate and expand basic services. The Yemeni private sector is already engaged in the provision of basic services, with significant results in areas such as alternative energy. Enhancing and strengthening solar energy systems could do

much to improve livelihood support. (See Box 5.)

Underfunding of basic services by the UN makes these challenges more difficult. UNICEF, for example, indicates critical WASH needs for the rest of 2020 will require USD 159 million with USD 30 million for COVID-19 responses (UNICEF, 2020(a)).

Links to other Outcomes: Basic services delivery are closely linked to several works programmes (restoration of facilities; school services; WASH) (Outcome 03); suggested enhanced role for national institutions and the Yemeni private sector (Recommendation OC6 and Outcome 06); and, macro-economic stability will assist with rolling out basic services more comprehensively and efficiently (Outcome 08).

Box 5: Solar Interventions under the ERRY Project (UNDP, 2019(f))

Improving access to sustainable energy was one of the key elements of the first Enhanced Rural Resilience in Yemen Programme (ERRY), a three-year programme funded by the EU and implemented by UNDP, ILO, WFP, and FAO. This intervention was prompted by the 2015 collapse of Yemen's electrical infrastructure, increased prices, and severe shortage of fuel,

impacting significantly on access to basic social services. The project results indicate that communities were enabled to rely on themselves and improve their livelihood through better access to solar energy – ensuring a dignified life to many rural communities, while limiting carbon emissions.



Pillar 3. . Protecting Livelihoods and Jobs

Outcome 5: Jobs and incomes in SMEs/informal enterprises protected
Outcome 6: The formal private sector strengthened and involved

Strategic Challenges

COVID-19 mobility constraints have had a severe impact on the movement of persons and goods – access to markets, exports and imports

to inland markets have all been affected (ACAPS, 2020). Job losses due to the conflict, and now COVID-19, have forced larger

numbers of workers to be self-employed; the self-employed now account for 85% of the total working population. By 2016, more than 80% of the employed were informal.¹⁵

These constraints accentuate the need to provide cash transfers and in-kind transfers to those who previously had access to work opportunities and have lost income due to mobility restrictions and business shutdowns. This includes those in the informal sector and those who are self-employed (e.g. domestic workers and casual workers), as well as migrant workers and displaced populations.

While improvements in the business climate are partially dependent upon the peace process and will take time, interventions now can improve the resilience of firms and encourage job creation. In addition to direct finance and skills support, donors can increase their engagement in donor-supported programmes which have remained limited outside the humanitarian domain. This includes COVID-19 interventions in collaboration with the Yemeni private sector. Improving the business climate will enhance measures aimed at supporting the integration of the informal with the formal private sector by pairing institutions from both sectors and providing financial support to informal institutions, dependent upon registration.

Remittances are larger than ODA, provide a lifeline for vulnerable households, and are an important source of funding for local investment, but have decreased significantly. Efforts to reduce transaction costs may counter the reduced income among expats.

In the longer term, serious effort should be to improve the business environment. The formal private sector (as is the case with the informal sector) operates in a weak business climate,

characterised by restricted market access, excessive pricing, dwindling capital, and a limiting tax and regulatory environment – including illegal taxation and geographic fragmentation (Carpo 2020).

If the security situation continues to deteriorate, it will impose additional constraints on private sector activity with more people moving into the informal economy, and access to credit, inputs and output markets further restricted. The donors' ability to support MSMEs and private firms will become more restricted and most efforts will revert to short term interventions under Pillars 1 and 2, which should be linked to a more sustainable and long term through graduation model.

¹⁵ ILO (2016) and the Ministry of Planning and International Cooperation, 2020.

Actions for Pillar 3, Outcome 5 (Jobs and incomes in SMEs/informal enterprises protected)

ST: Maintain remittance income by facilitating remittance transfer channels to reduce transfer fees.

MT: Enhance farmer and fishery access to local and international markets for inputs and outputs.

LT: Expand contributory social insurance to informal workers who have contributory capacity.

MT: Preserve jobs and incomes by supporting MSMEs and informal enterprises, especially in selected prioritised sectors, by providing seed funding and access to micro-finance and skills conditioned upon job creation and gender inclusivity.

MT/LT: Provide and/or promote social and unemployment insurance.

LT: Encourage conversion from qat to food production to increase local food production, help respond to rising food prices, and preserve scarce water levels.

Gaps

Direct support to MSMEs and informal enterprises has shown promise and must be scaled up. MSME employment creation is critical to ensure livelihood support to an overall dwindling labour force (36%) – female labour force participation is a mere 6% (ILO 2016(b)). Studies show that support can be most effective in sectors that have both productive potential and that serve the needs of the poor – including food, meat and poultry, fisheries, beekeeping and/or honey, solar energy, handloom and/or textile, and pottery.

In programs such as the Enhanced Rural Resilience in Yemen (ERRY), support for business has been provided in the form of seed funding and access to micro-finance and skills

– conditioned upon job creation and gender inclusion. Evaluations of past interventions show that MSMEs have responded most effectively in the food and solar sectors (World Bank 2020(c) and UNDP 2020(b)). They have also shown that unless a deliberate focus is placed on job creation and female inclusion by MSMEs, these objectives may fall short despite the high success rate of MSMEs established by women entrepreneurs (UNDP 2019(d) and UNDP (2020(c)). A continuous focus is needed on strengthening the education system and skills training, particularly for youth and women, aligned with labour needs and job opportunities. (See Box 6 and 7.)

The international community and national institutions support micro-financing interventions in Yemen. Micro-financing and other forms of funding support are needed to support MSME establishment, survival, and development in the COVID-19 response and recovery phases. Micro-financing activity is limited with 12 micro-finance institutions and 163 country-wide branches – some public, but the majority private and donor-funded. The ability of several of these to operate and/or operate optimally has been severely affected by the conflict and their reach – especially in rural areas – is limited. It is suggested that, combined, they have less than 100,000 customers. Yet, impressive inroads have been made.

Micro-finance institutions should play a role in

future programming. Capacity-building is needed in digital transformation of operations and processes, marketing to stimulate financial inclusion, sector-specific lending methods to revive markets, the piloting of new Islamic financial products, introductory intensive microfinance training for newly hired, and evaluation of sector performance.¹⁶

As MSME grant or loan funding support, personalised advice, and technical assistance¹⁷ have been indicated as major hurdles, other support and/or funding mechanisms that go beyond matching grants must be considered. They must consider the inability of many small-scale entrepreneurs to afford setting-up and managing MSMEs or informal enterprises via, for example, Solidarity Funding Mechanisms, as currently planned.

Box 6: Yemen Livelihood and Human Security (YLHS) Project – Lessons Learned

Funded by the Government of Japan and UNDP, the YLHS project was implemented with an integrated approach of restoring the disrupted livelihoods of crisis-affected populations and strengthening community-based protection mechanisms with a focus on women and youth. The project provided opportunities for livelihoods and protection support to most vulnerable groups in targeted districts. Key results include:

- Beneficiaries received emergency employment to help generate income through cash for work (CFW) activities, implemented to improve access to basic services such as health, education, and water, and to enhance

protection mechanisms.

- Women and youth capacity were built through vocational and business training and skills development; seed grants were provided to create micro-businesses.
- Based on a market needs assessment and beneficiaries' interests and capabilities, businesses were selected and linked to microfinance institutions, while advisory support was available. In parallel, psychosocial support was available to those traumatised due to conflict to enhance the social cohesion of the community and neighbourhood peacebuilding.

¹⁶ Info provided by Dr Sharaf M. Alkibisi, Impact Research, 25 September 2020.

¹⁷ See UNDP (2020(g)) Impact of Covid-10 on Medium, Small and Micro Enterprises (MSMEs); UNDP (2020(h)) COVID-19 Digital Socio-Economic Impact Assessment (<https://www.ye.undp.org/content/yemen/en/home/coronavirus.html>).

- Supported micro-businesses became a main source of income; beneficiaries demonstrated success in doing business by making a profit, creating job opportunities

for others, sharing skills, building a relationship and networks with other business owners and suppliers, as well as growing their businesses in a stable manner.

Box 7: Cash for Work Project: Improving Livelihood Opportunities for Urban Youth

UNESCO is implementing this EU-funded project, aimed at employing 4,000 youth in cash-based urban rehabilitation works within four historic cities (Sanaa, Shibam, Zabid and Aden). The key results include:

- Livelihood opportunities for youth under 35 created through cash-based urban rehabilitation work focusing on private houses, public spaces, and commercial areas.
- Small-scale grant schemes established with youth CSOs to support cultural programming as an income-generating source for young women and men, in addition to the provision of tailored capacity-building programmes on

awareness-raising and online engagement.

- Youth CSOs engaged in the sustainable management and development of community assets and cultural and human resources.
- Youth diaspora engaged in cultural programming activities pairing with their peers in Yemen.
- The integrity of the historic urban environment preserved.
- Awareness increased about the value of cultural heritage as a confidence building measure for peace, and its untapped potential for economic resilience of local communities.

Supply chain disruptions and increased food prices require boosting food production to increase local availability, in addition to mitigating COVID-19's impact on food availability through supporting supply chains and markets. Local food manufacturing investments include small-scale and home-based producers in agriculture, fisheries, and agro-business. Interventions must include gender and address the need for skilled labour, capital support, market strategy, business management training, and improved market access. Support for new distribution

mechanisms like online purchasing, responding to shifts in consumer demands, mobile money services, skills training, technical assistance, and digital literacy is also needed (UNDP 2020(b); UNDP 2020(g) and UNDP 2020(h)).

Rural livelihoods and productive assets must also be supported as many beneficiaries live in rural areas, rely on small-scale agriculture, and earn their income through farming labour. Yemen's agriculture represents 12.6 % GDP and employs 56 % of the rural women and over 76% of the men.¹⁸ In the rural areas of Yemen up to

¹⁸ <https://www.gafspfund.org/projects/smallholder-agricultural-productivity-enhancement-program-sapep>.

50% of women and children suffer from malnutrition,¹⁹ making them vulnerable to COVID-19. Improving food self-sufficiency will positively influence their immunity and nutrition.

Given the central role played by remittances and the weakened economic outlook, in addition to negotiating with origin countries for Yemeni migrant worker job security, remittance income must be maintained by facilitating remittance transfer channels, reducing transfer fees, and addressing the regulatory framework. (See Pillar 4.) Informal savings and credit associations – some of which are dependent upon remittances – are not well understood in Yemen and are often connected to tribal, religious, regional, and professional associations. Understanding these institutions better will help in supporting and regulating them.

In the medium to long term – and particularly if food prices continue to rise – conversion from qat to food will be more attractive for farmers. Despite its sizeable contribution to the local economy, Yemen's qat production has had disastrous environmental effects by depleting the limited groundwater reserves and conversion of large agricultural areas for qat. Programming should focus on encouraging conversion from qat production to food to increase local food production to help respond to rising food prices and preserve water levels. Supporting behavioral change programmes and possibly disincentives such as withdrawal of diesel or water subsidies is needed (Zahran et al (2013); ASiST (2019)).

In the longer term, improving agricultural productivity requires improved productivity

and environmental management, and enhanced working conditions. To preserve and improve rural livelihood resilience, focus should be on: (a) a more integrated and graduation approach where emergency and short term employment (e.g. cash-for-work) are linked to social service access (“cash-plus” interventions); (b) access to microfinance institutions; (c) access to skills training; and, (d) support for micro-businesses development to improve productivity and create decent work.^{20 21} Environmental challenges pose significant risks to agriculture production. Preventive and other steps, including watershed management, need to be introduced to mitigate the effects of climate change.

Also in the longer term – and subject to contributory capacity of employers and workers – there is a need to provide and promote social insurance, including unemployment insurance. As indicated in Pillar 2, the current social insurance system is too limited in scope and impact and must be revitalised. An appropriate framework to address key life-cycle social risks must be developed for workers and their dependents, including protection in the event of occupational injuries and diseases and unemployment, and cemented in suitable institutional arrangements.

Links to other Outcomes: Remittances are closely related to safety net support (Outcome 03) and macro-economic stability (Outcome 08); involving SMEs in COVID-19 prevention items supports health equipment interventions (Outcome 02); and, conversion from qat to agriculture and efforts at watershed management will contribute to water management (Outcome 10).

¹⁹https://reliefweb.int/sites/reliefweb.int/files/resources/replaced_by_169294_OCHA%20HNO%20Yemen%20English%200.11.%202013.pdf.

²⁰ The Yemen Livelihood and Human Security (YLHS) Project serves as an example of what can be achieved with such an approach. See Box 6. (UNDP, 2020(c)).

²¹ A more ambitious approach would also focus on collective efforts beyond communities, involving whole watersheds to restore environmental sustainability by limiting destructive grazing and soil degradation.

Actions for Pillar 3, Outcome 6 (The formal private sector strengthened and involved)

ST/MT: Involve the private sector more in COVID-19 responses and in aid programmes (e.g. procurement of goods, subcontracting of investment).

MT: Involve the private sector more in efforts to provide humanitarian/development assistance.

MT/LT: Pursue the improvement of the business climate and facilitation of trade – access to ports, transport (e.g. road repairs, roadblocks), access to finance, and a business-friendly regulatory and tax environment.

MT: Secure a Trade Finance Facility for Yemeni banks.

MT: Strengthen the voice of the private sector.

Gaps

Despite the many challenges confronting the Yemeni private sector, it has the potential to make a major contribution to job creation and investment and to reach vulnerable communities in ways that donor agencies may not. It is a sector with considerable experience and expertise and is deeply embedded in the Yemeni social and economic fabric, which can be relied upon to achieve better and less expensive programme execution. It is need of support and strengthening, financially and otherwise, given the business and political climate in which it operates (World Bank 2019).

The sector may be more involved in efforts to provide humanitarian/development assistance via, for example, the various clusters operating in Yemen and building on the existing engagement with UNDP, the WB and other development partners. Consideration should be given to building ambitious public-private partnerships with the sector in the context of

investment in infrastructure.

The Yemeni private sector suggests there is a lack of consultation and involvement, even in matters and decisions that affect them directly. The donor community has a role to play in strengthening their voice and supporting their attempts to improve regulatory and business practices – including the tax environment and monetary policy (World Bank 2019). It is necessary to strengthen partnerships between the international donor community, Business Membership Organisations, and key institutions such as the Federation of Yemeni Chambers of Commerce and Industry (FYCCI) and the Yemen Business Club (YBC).

Private sector access to credit, and especially trade credit, should be facilitated. The banking sector liquidity crisis has deepened in recent

months with the loss of access to assets in Lebanese banks, lower remittances, and business failures connected to COVID-19. The CBY no longer supports letters of credit, requiring all imports to be cash-based. It is highly important to find sources that can create a trade facility to allow for high priority trade to occur.

An unstable macro-economic environment and insecure environment constitute major barriers to private sector activity. And access to markets to procure and export goods is further constraining given the closure of airports and difficult access to ports. There are inherent risks relating to political and other affiliations.

The donor community should be actively involved in supporting the neutrality of the private sector to prevent its polarisation via the development of the Chambers of Commerce

and through connections with civil society (Carpo 2020).

Building upon contributions the private sector is currently making to help respond to the health and livelihoods needs associated with COVID-19 (Political Settlement Research Programme, 2020), the Yemeni private sector must be included in COVID-19 health responses to ensure – among other things – quick procurement of urgent products and job creation. Building upon the success of their current contributions, they should also be encouraged to participate in donor-supported COVID-19 health equipment procurement. Large firms should also be encouraged to subcontract with MSMEs.

Adding to UNDP's efforts to launch over 2000 MSMEs to locally produce COVID-19 prevention items (UNDP 2020(b)), MSMEs



continue to be engaged in responding to COVID-19. Supporting and involving the formal private sector in donor programming are important medium to long term goals as it has: (a) the reach to vulnerable communities; (b) the potential to contribute to job creation and investment; and, (c) the ability to achieve better and less expensive programme execution. Consideration should be given to building ambitious public-private partnerships with the sector in the context of investment in infrastructure, for example.

Links to other Outcomes: Involving the private sector in COVID-19 prevention items supports health equipment interventions (Outcome 02); and engaging the sector in humanitarian and developmental interventions contributes to trade and market stabilisation (Outcome 08).



Pillar 4. Macro-Economic Response

Outcome 7: Civil servant salaries paid on time

Outcome 8: Domestic prices and exchange rate stabilised

Strategic Challenges

Ensuring a more stable macro-economic environment that works for the most vulnerable should be at the heart of the COVID-19 response, as micro-economic efforts alone are insufficient to avert a deepening of the crisis.

The deteriorating macro-economic environment with the sharp broadening of internal and external imbalances is creating two types of risks: household abilities to cope with higher food prices and state authority abilities to deliver basic services. Unless civil servant salaries are paid on time, basic services will not be delivered effectively – including core COVID-19 services such as social protection, health, and WASH.

There is an acute risk of greater malnutrition, and even famine, if more foreign exchange does not become available in the country. These risks are inter-related as poor fiscal policy leads to deficit monetisation and devaluation pressures, and low inflows of foreign exchange lead to increased poverty and more pressure on the budget.

Macro-economic improvement requires progress in the peace talks including the consolidation of the ceasefire and progress in the application of UN-proposed confidence building measures – particularly as it relates to border crossing, ports management, custom revenues, payment of civil servants' salaries, and coordination of monetary policies. These measures will directly improve the delivery of basic service, the investment climate, and reduce the risks of devaluation. Moreover, they will also indirectly remobilise external support for Yemen.

Actions for Pillar 4, Outcomes 7 (Civil servant salaries paid on time) and 8 (Domestic prices and exchange rate stabilised)

ST: Finance top-up of salaries of COVID-19 front-line workers.

MT: If sufficient progress is made, raise support to pay for salary top-ups for all health and other critical workers.

MT: Negotiate (with GCC and Arab League) to limit large-scale repatriation of Yemenis.

MT/LT: Rehabilitate Hodeida Port, reopen Sana'a airport, ensure smooth operation of customs, and ensure free flow of goods along highways with no illegal taxation.

LT: Continue increasing oil and gas exports and make efforts to re-attract FDI and consider the creation of an Oil and Gas National Fund.

ST: Ensure progress on the Stockholm Agreement to allow for larger custom revenues and the full payment of civil servants' salaries.

MT: Spend a larger share of donor financing locally, including in support of salaries during transitional period.

MT: Renew IMF standstill. Push for Paris Club debt rescheduling followed by access to IMF emergency funding.

LT: Secure new deposit at CBY as part of plan to improve coordination between regional offices.

Gaps

Compared to the 2017 – 2019 average of relatively stable food imports, in 2020 – 2021 there is a large balance of payment gap. (See Table 5.) Given that 2020 donor financing is approximately USD 1 billion below projections, a lower estimation of the financing gap the must be filled to maintain import at their current levels, can be estimated at around USD 3 – USD 4 billion for the period. Given the expected drop in domestic production due to the new COVID-19 constraints, a larger financing of about 3% GDP – or USD 300 million – would be needed to maintain

domestic consumption levels.

Over the same 2020 – 2021 period, the fiscal accounts show a large deficit. The fiscal account projections in Table 3 optimistically assume a 2021 fiscal contraction, predicated upon cleaning up the salary payroll and assuming stagnated revenues as oil prices are not expected to rise in the short term. However, at the current exchange rates, the resulting deficit is in the range of USD 2 billion for the remainder of 2020 and 2021. Financing the deficit from external sources would allow

paying for all salaries in non-inflationary ways. Moreover, the increased availability of foreign exchange would cover a large share of import needs.

Raising such large amounts of additional financing is not realistic in the short term and is dependent on sufficient political improvement. A progressive strategy is more feasible. Raising funds to pay top-up salaries for COVID-19 front-line healthcare workers (about USD 50 million a year) together with additional support for COVID-19 needs and in-kind support for food and fuel is needed.

In the medium term, it may be possible to finance the payment of 35,000 health workers salaries (about USD 120 million a year) plus additional support for social protection programmes. And for the long term – if political conditions improve sufficiently – budget support could help pay all government salaries on time and ensure that sufficient foreign exchange is available to support the stability of the exchange rate.

If the base scenario does not map-out, and the conflict escalates, urgently saving lives will be the priority. To achieve the base scenario targets, International Financial Institutions (IFIs) must work with several donors – particularly the GCC countries – to develop an acceptable budget support operation. This must be done in parallel with efforts to improve the coordination of monetary policies and efforts to achieve the Stockholm Agreements, as well as reforms to improve public sector and public financial management to reduce corruption, and eliminate ghost workers from the payroll. If IFIs cannot monitor and support political conditionality, an innovative mechanism must be created with inputs from organisations that can operate politically such as the UN and the EU.

Efforts should be made to unlock the approximate USD 500 million now blocked in the Bank for International Settlements (BIS),

and debt restructuring may open new sources of funding (especially from IMF). Existing International Development Association (IDA) funding – which is greater than USD 200 million a year – must also be protected by ensuring that debt service on IDA loans can continue to be paid in a timely fashion.

In addition to financial support, there is a need for policy support to Yemeni authorities, especially on economic measures needed to respond and recover rapidly from the current crisis. There are two main ways to improve the revenue base in the short and medium term: (i) improving custom operations and (ii) increasing oil and gas exports.

Progress on the Stockholm Agreement process is central to the North to ease trade flows – necessary to improve custom operations and the revenue base – allowing for full payment of salaries and pensions. This will also reduce the current rationing of fuel and food, leading to reduced prices. Removing double taxation on internal border trade and at roadblocks is also necessary for improved private sector activity as it will greatly enhance relief delivery and help better operation of development programmes.

Improving CBY's functionality and coordination between its branches would enhance the macro-level stability by reducing the Riyal devaluation rate and keeping inflation in check. Perceived fairness of scarce foreign exchange distribution is necessary to lift existing restrictions of local currency across the country and to keep corruption at bay, which is fueled by a differential exchange rate. Improved CBY coordination and capacity will make it possible for donors to deposit counterpart foreign exchange for their operations, helping rationalise the foreign exchange market and stabilise the currency. In the long term, creating a national fund to receive revenues and spend them transparently can help attract more foreign donor investments.

The flow of remittances has not fallen as much as initially feared. This may, however, be temporary and reflect expat labour returning with their savings. Besides facilitating the flow of remittances (see Outcome 5), Yemen should try to negotiate with the GCC to limit large-scale repatriation of Yemenis.

It is important to emphasise the need for continuous advocacy for increased funding and uninterrupted delivery of life-saving humanitarian assistance and social services. A Donor Conference should be held to raise additional development funding and secure new CBY deposits. In doing so, closer cooperation between OECD-DAC donors and the GCC countries would be central.





Pillar 5. Supporting Social Cohesion

Outcome 9: Communities empowered to protect themselves from insecurity and injustice, resilience developed, and women protected and empowered
Outcome 10: Environmental resilience and water management improved

Strategic Challenges

Traditional Yemeni institutions have worked to build and preserve community resilience, but the conflict has accentuated issues between various groups. Communities have been affected by various levels of division and conflict over scarce resources, which is at risk of being aggravated by COVID-19. IDPs (around 3.65 million or 10% of the population), returnees, migrants, and refugees have been impacted most – including in xenophobia.²² Marginalisation also affects the Muhamasheen – an underclass that has experienced discrimination, exploitation, and poverty (Sana'a Centre for Strategic Studies 2019(b)). Vulnerable populations, including mobile and/or displaced populations, may also resort to negative coping mechanisms and develop destabilising COVID-19 vulnerabilities. These can be overcome by developing a foundational understanding to inform evidence-based programming.

Disadvantage and vulnerability strongly overlap with gender as women and children are most affected. Women are also the target of multiple forms of discrimination and mistreatment, and child marriages, gender-based violence (GBV) and female genital mutilation are prevalent. Yemen's Gender Inequality Index – a UNDP composite measure – is among the worst in the world (UNDP 2019(a)).

There is evidence that child marriages and gender-based violence have increased due to the conflict (UNFPA 2017) and now COVID-19. While there are no available statistics, information received by the Office of the High Commissioner indicates that migrants, refugees, displaced persons, and detainees are all at increased risk of GBV.²³

In 2019, the UN Human Rights Council noted the collapse of the limited GBV support provided by the criminal justice system and the ongoing prevalence of child soldiers (Human Rights Council 2019) – one of the worst forms of child labour. Harmful coping strategies of vulnerable households have exposed them to sending girls into marriage and boys into war, a situation accentuated by the increased vulnerability brought about by COVID-19.

Yemen suffers from large-scale environmental destruction, land degradation, and water scarcity; however, there is a limited ability to appropriately respond due to prolonged conflict, limited preventive and restorative planning and implementation, and constrained resources. This has led to escalating conflict with host communities, particularly in urban areas, because of pressure on limited services and resources (UN-Habitat 2020(a)(b)(c)(d)) and now exacerbated by COVID-19.

²² Approximately 83% of IDPs and returnees are women and children (UNDP, 2020).

²³ Human Rights Council, Report of the High Commissioner for Human Rights, The situation of human rights in Yemen, violence and violations since September 2014, 13 September 2017 (A/HRC/36/33). Available from <http://www.ohchr.org/EN/Countries/MENARRegion/Pages/YemenReport2017.aspx>.

Responding to climate change requires coordination between communities across a larger affected geographic area (e.g. for watershed issues). Mitigation and adaptation measures require clear understanding of the climate change patterns forecast to devise interventions that should be long term but should also start as soon as possible. There is little ability and/or instruments to achieve progress in this field in the short term.

The demand for clean water for public health and human consumption have increased during COVID-19, which is also needed to combat and treat COVID-19. Increased demand for domestic water and water for healthcare settings could lead to trade-offs both downstream (in wastewater production) and upstream (in competing demands for supplies from agriculture and other sectors) (Joshi & Nicol, 2020).

Diverting water from agriculture for use in cities may possibly affect food production, while maintaining agricultural water may

possibly mean that cities do not have adequate supplies to combat the pandemic. As such, water governance is necessary to sustain the water infrastructure since it needs annual maintenance and proper management.

To some extent, however, it may be different when it comes to the treatment of climate affected IDPs as their large-scale displacement has put considerable pressure on available, but limited, services. With limited cash and in-kind forms of support available, IDPs are one of the most marginalised groups in Yemen and the climate change impact on them has been significant.

This Outcome is largely focused on long term as short term impact is difficult. Interventions required must be ongoing, demonstrated in targeted programmes and action, and progressive advocacy engagement. Community engagement is critical as is supporting media, national CSOs, and other associations specialising in these areas.

Actions for Pillar 5, Outcome 9 (Communities empowered to protect themselves from insecurity and injustice, resilience developed, and women protected and empowered)

ST: Empower and involve communities, civil society associations, the media and national institutions, as well as local authorities, in decisions, programming, and grievance redress mechanisms starting with COVID-19-related activities.

ST/MT: Fight stigma and discrimination associated with COVID-19 in projects and enhance psycho-social support for victims of this and GBV.

MT: Strengthen communities' ability to cope with insecurity and injustice by improving relations with and building capacity of police and support rule-of-law institutions-strengthening.

ST/MT: Influence projects and support local advocates against gender-based discrimination and use the model of positive gender impact in programme execution and beyond.

ST/MT: Support advocacy of human rights approaches to community safety with an emphasis on the inclusion/protection of neglected vulnerable groups.

MT/LT: Improve coherence/understanding between communities, local institutions, tribal authorities, and militia. Start in localised areas where this seems feasible and invest in conflict resolution by employing formal and informal conflict resolution modalities.

MT: Enhance individual and collective grievance redress system and social accountability structures in projects.

LT: Align projects with national development plan(s) to help shape a new social contract, recognising the limits of ownership in the absence of national authority, and improved security and state capacity.

Gaps

COVID-19 protection measures require active involvement by the population through empowerment of communities, civil society associations, the media, and national institutions in decisions, programming, and grievance redress mechanisms (UNICEF 2020(c)). Monitoring protection needs is critical which can be done by supporting groups advocating for human rights approaches to community safety, emphasising inclusion/protection of neglected vulnerable groups.

It is necessary to fight COVID-19 and GBV stigma and discrimination in projects and to prioritise psycho-social support and other needed support for victims (UNICEF 2020(c)). Gender must be integrated into COVID-19 response plans and women and girls must be included as decision makers (IASC 2020 and UN-Women 2020). In addition, the needs of the youth and adolescents must be specifically considered in COVID-19 responses, also in relation to child protection and WASH needs.

It is important to support communities' ability to cope with insecurity and injustice by helping improve relations with police and security authorities and enhancing capacity to address community safety and security needs, as well as prioritising efficiently and respectfully. This requires an investment in sensitisation

programmes and impact monitoring of adopted measures – adjusting them if necessary. Additionally, individual and collective grievance redress systems and social accountability structures should be included in projects. Mechanisms require support and awareness-raising to ensure that they take root in the community (UNICEF 2020(c)).

Rule-of-law institutions must also be strengthened. Building upon UNDP's and other institution's work, support to the judiciary and the attorney-general constitutes a core element of addressing issues of injustice and insecurity. This supports the social contract and contributes to social cohesion with the aim to promote accountable, accessible justice sector institutions through technical and advisory support (UNDP 2020(i)).

Peace-building initiatives are needed to achieve mutual respect, tolerance, and social cohesion in respect of relationships marked by conflict and division. Coherence and understanding between communities, local institutions, tribal authorities, and militia must be improved – starting in local areas by investing in formal and informal conflict resolution modalities by relying on trusted mediators and councilors (Maktary and Smith 2017).



Use of women as role models, people to people peace-making, social media, and digital platforms to advance social contract strengthening should also be used. Furthermore, context-sensitive approaches should be adopted to address key human rights deficits, including forcible recruitment, children in detention, and human trafficking.

Across the board, programme interventions must aim at empowering women and give them a voice and ensure their representation in community engagement structures and in programme design, execution, and monitoring. In addition, programmes must be designed to specifically consider benefitting women and those who are otherwise marginalised by society.

The prevalence of child soldiering requires urgent and emphatic treatment with emphasis given to the Action Plan to End Recruitment and Use of Children by Armed Forces, recently signed by the IRG. In addition to aligning

legislation and investigating allegations, it is important to extend psycho-social support to the affected children, working to integrate them into society.

The voices, opinions, and expectations of youth, adolescents, and women shall be empowered and included in the peace building initiatives and in COVID-19 related trust-building initiatives indicated in this report, and a two-way communication between youth and decision makers fostered. This can be achieved through innovative approaches, such as the use of social media and digital tools. Communication messages must be culturally and linguistically tailored.

As COVID-19 serves as another driver for movement in Yemen, communities with high influxes of people must be supported – particularly through facilitating economic, social, and psycho-social support to both hosting and displaced communities.

Programme interventions must empower women, giving them a voice and representation. (See Box 8 and 9.) They must be designed to specifically benefit women and those otherwise marginalised (including youth and adolescents) – encouraging women as role

models and people-to-people peacemakers. Context-sensitive approaches should also be adopted to address key human rights deficits, including forcible recruitment, children in detention, and human trafficking.

Box 8: Lessons Learned from ERRY Joint Programme Impact on Women (UNDP, 2019(b))

The report presents the results of an assessment of the impact on women's economic empowerment and gender mainstreaming under ERRY and implemented jointly by four UN agencies (UNDP, WFP, FAO, ILO) in four governorates in Yemen. Women reported impact in several areas such as increased income to meet basic needs and increased access to improved community services and assets, as well as enhanced personal skills.

As an example, women appreciated the impact of rehabilitated roads in reducing difficulties in reaching health services for urgent medical care and childbirth. They also reported a significant change in community perspectives on women's participation in the governance structures and their ability to influence what they consider community initiative priorities. Women representation reached 50% in the local governance structures (VCCs), 30% in the insider mediators, and about 30% in all committees established by other interventions.

The project has considerably influenced local institution planning processes and their decision-making with priorities shifting from infrastructure projects to improving vital systems related to access to health and water. However, shortcomings were also evident. There were cases where women joined activities considered culturally inappropriate, like the rehabilitation of community assets, that resulted in unintended negative impact.

Recommendations include developing specific intervention indicators, incorporating different factors reflecting the comprehensive, complex, and multilayered nature of women's empowerment. A Gender Marker should also be developed for monitoring project performance toward women's economic empowerment and gender mainstreaming. Further, discriminatory norms and practices limiting women's participation and economic empowerment should be addressed to enhance the diversity of activities to fit with the different backgrounds of women.

Box 9: Empowering Yemeni Youth Toward Peace: Ensuring Access to Information and Participation

Funded by the United Nations Peacebuilding and implemented by UNESCO through a local CSO, this project contributes to Yemen's peace process by empowering youth and women and enhancing their inclusion in the peace building process. The project operates online (digital

communities) and offline, promoting mutual understanding, respect, and tolerance. It has an inclusion and community approach, leveraging the potential of media and social media in peacebuilding.

It is delivering these key results:

- Developing a youth-friendly information platform on the peacebuilding process.
- Supporting young journalists to engage in the coverage of the peacebuilding process for youth in a professional and reliable manner.
- Showcasing success stories of young Yemeni peacebuilders.
- Empowering youth to voice their opinions on the peace building process through radio programs and through public online and offline youth debates.
- Encouraging a two-way dialogue between youth and duty bearers, including providing the latter with data-based analysis on youth priorities on the peace-building process.

Short, medium, and long term measures will require a thorough understanding of local contexts and actors. Also, the risk of involving CSOs may differ and depend upon, among others, political and other allegiances that may exist. They may also require a thorough understanding of local contexts and actors.

Links to other Outcomes: Safety net programme design and execution, especially in a public works context need to reflect gender empowerment and protection needs (Outcome 03); MSME support also needs to prioritise gender considerations (Outcome 05).

Actions for Pillar 5, Outcome 10 (Environmental resilience and water management improved)

ST/MT: Invest in improved environmental resilience and water management.

MT/LT: Integrate into works programmes area strategies for sustainable agriculture and water use, ideally at the watershed level.

MT/LT: Implement durable solutions sensitive to the displacement context.

MT: Extend investment in renewable, off-grid, energy interventions (including affordable Solar products), linked to resilience building/income generation.

MT/LT: Invest in local peacebuilding involving relations between climate change affected IDPs and local communities.

LT: Develop focused preventive planning, including enhanced disaster risk management (e.g. via a national observatory and linked to international facilities).

In the short to medium term, efforts must focus upon improved environmental resilience and water management such as extending renewable, off-grid, energy interventions – including affordable solar products – to support COVID-19 health services. To respond to climate change and its impacts on the long term, focused preventive planning must include enhanced disaster risk reduction and/or management such as a national observatory linked to international facilities. Disaster risk reduction strategies must be based on a clear study of the climate change patterns and of the ground and surface water resources to develop a resilient national plan. Strategies for sustainable agriculture and water use – ideally at watershed levels – must be integrated into public works programmes.

Communities and local authorities must be involved and should be empowered to respond in climate change preparedness and recovery – including resilience building responses – while addressing the impact of climate change on displacement. Steps taken to prevent or effectively deal with this are likely to be slowed by the increased funding and mobility constraints.

Urgent efforts are needed to address mass returns and solutions must be sensitive to the reality that climate change IDPs are often unable to return to their area of origin. IDP protection needs must be determined to inform interventions, but dedicated investments are needed in livelihood support and income generation (e.g. housing, labour market, and social integration) as well as social protection.

There must also be an investment in local peacebuilding efforts involving climate change-affected IDPs and local community relations, as well as equitable and peaceful sharing of resources in displacement-affected communities, to encourage efficient resource management and usage.

Links to other Outcomes: There is an evident relationship between water management and agriculture production (Outcome O5); public works need to accommodate the need for climate change preventive and restorative interventions (Outcome O3); and climate change displacement is closely related with conflict resolution and social cohesion (Outcome O9).



PART III: Organisational Challenges

In 2020, humanitarian support has sharply fallen despite previous generous donor support playing a crucial role in avoiding disaster. The UN-led effort has been the largest global operation for several years and has shown a high level of innovation. The shrinking of international support comes at a time of increased COVID-19 needs and related macro-shocks rocking the country. While the role of humanitarian aid should remain greater in the short term, the international community has clearly indicated that it is unwilling to continue supporting the day-to-day needs of millions of households at the current scale, implying that

more sustainable approaches must be found.

There are five important implications of reduced funding:

- In the short term, less can be delivered requiring sharper strategic prioritisation.
- Accelerated re-orientation of existing development programmes toward more sustainable interventions is needed. This will allow advocacy around scaling-up development support.
- Donors must develop more adaptive responses in an uncertain environment that experiences great shocks.

- Donors must adjust activities to include COVID-19-related risks.
- Local actor cooperation is increasingly going to be a precondition for on-the-ground progress and for raising external support.

There have been recent innovations with a proven impact in improving community and household resilience on the edge of the humanitarian and development divide that can be scaled-up. These include, but are not limited to, conditional cash transfers, community-based work programmes, and MSMEs support (including agriculture and fisheries). There have also been impressive gains in effective and efficient delivery when working with groups such as the Social Fund for Development (SFD), the Public Works Project (PWP), and local governments. Past analyses and data collection allow for more thoughtful approaches that may yield more sustainable results on the ground.

Broadly speaking, projects tend to be numerous but fragmented – particularly in social protection – which is diluting the effort and not allowing households to move out of poverty. There are now 13 million severely food insecure people who will remain impoverished unless systematic and complementary action is taken – a further 7 to 8 million are at risk of falling into this category if coping mechanisms are exhausted.

Although sector coordination is newer, several studies have shown that to deliver more sustainable results there is a need to move from food to cash, improve targeting, closely align transfer programmes with works programmes, and offer more support for

MSMEs in agriculture, fisheries, and other sectors. There are unexplored areas where new innovations can open important new sources of efficiency gains including initiating closer partnerships between OECD-DAC and GCC donors and can include flagship national programmes such as a Productive Safety Net.

A greater level of donor cooperation with and among political actors is expected to help deliver development results; urgent progress is needed to prevent disaster. Just as teacher and WASH employee salary payments rely upon increased public revenues through customs collection and smooth external trade flows, there will be insufficient food aid if prices rapidly rise. Should the latter occur, it will require increased capital flows, sufficient political and security progress to attract new funds, and improved monetary policy and cooperation to properly manage funds.

The peace agenda has increasingly focused on vital economic matters and the challenge has moved to implementation. This Framework recommends efforts meant to improve the impact of donor programming and enhance resource mobilisation. After a broad mapping of Yemen's main donors, this part of the report considers a three-pronged recommendation:

- Deal with new COVID-19-created constraints and strategically reprioritise according to needs, funds, and/or capacity.
- Deepen relations and grow number of national institutions with whom to work.
- Accelerate efforts at donor coordination within the development domain.

Donor Mapping

Humanitarian flow is more readily available from OCHA's Financial Tracking System; however, the most reliable source of aid information is the Organisation for Economic

Cooperation and Development/Development Assistance Committee (OECD/DAC) statistics. Data is only available through 2018 and the overall ODA flows is lower than IMF reported

in its Balance of Payments estimates, suggesting not all aid is captured and making it difficult to differentiate development and humanitarian-specific ODA. However, there are several characteristics of ODA flows that emerge with robust data. (See Annex 1.)

Yemen's ODA has sharply increased in the past 10 years. During 2015 – 2019, approximately USD 17.5 billion of ODA was disbursed. This averaged USD 3.5 billion a year compared to

less than USD 1 billion a year before the conflict. Donors include a broad range of countries and institutions – uniquely attracting equal funding from OECD/DAC and GCC donors. (See Table 8.) ODA has been largely driven by humanitarian goals and assistance; however, 25% of ODA has gone to development over the period – much of which can be attributed to the WB and has remained relatively stable.

Table 8. Top 10 Donors 2017 - 2018

Top 10 Donors for Yemen		Net ODA in USD Millions
	Kingdom of Saudi Arabia	1,934
	United Arab Emirates	1,720
	United States of America	520
	IDA (World Bank)	457
	United Kingdom	243
	Germany	241
	EU Institutions	162
	Netherlands	46
	Japan	42
	Sweden	40

Source: OECD see: <https://public.tableau.com/>

Most ODA resources are disbursed by UN agencies with a humanitarian focus (e.g. WFP, OCHA, UNICEF, and UNFPA) and those who work primarily in development (e.g. UNDP, UNICEF, and FAO). A few donors work with national institutions such as SFD and PWP and several work directly with communities and with local and international NGOs.

Development donors are involved in a very broad range of sectors and in a multitude of projects. No detailed mapping exists – although one is being finalised by Germany – but an examination of programmes reveals a special concentration on social protection with some effort in livelihoods, health, education, infrastructure, and agriculture. (See Annex 1.)

Adjusting Operations and Prioritisation

Donors are confronted with a situation requiring them to adjust their ongoing and planned projects to lower funding as well as adjusting to new sustainability and peace-making priorities. The already harsh

environment is characterised by more uncertainties given the rolling shocks likely to affect Yemen. In this complex environment, prioritisation and adaptive management are important management tools to be used.

I. Adjusting Operations to COVID-19 Constraints

New logistical challenges exist for donor support and the work of UN agencies in COVID-19's high-risk environment. These risks have led to significant humanitarian response disruption with social distancing, lock-down measures, strict border control, and visa restrictions further constraining the work of UN agencies. There are also new constraints on transport and the movement of goods that

increase access issues. Other limitations include reduced capacity of agencies to provide quality care for staff, leading to redeployment of staff to regional offices or being home-based. Although efforts to adjust programs and remove constraints have been undertaken in recent weeks, it must be accelerated.

II. New Priorities and Sequencing

Going from the largest HRP in 2019 to a much smaller programme in 2020 – risking reducing all programmes at a time when needs are rising – is very challenging. It is necessary to focus upon a few key priorities first, slowly introducing strategic shifts in line with existing capacities, funding, and access. Reducing fixed and unit costs with an adjusted mix of national and international staff and increased local procurement of goods and services is also necessary.

The broad principles below will need to be discussed among stakeholders before they are inscribed into new programming, but they are inspired by various discussions with UN

officials and local stakeholders.

- **Highest:** Community-level COVID-19 suppression; saving lives and preventing severe malnutrition, especially among children, lactating mothers, IDPs, and refugees; protecting the health system; and, preventing violence against women.
- **Medium:** Nutritional support for children under five; food security in IPC 3 and 4 areas and in areas badly hit by COVID-19 and macro shocks; provide cash rather than food; for healthy adults provide productive work programmes rather than cash; maintain WASH assets and supply; and, continue outreach to prevent spread of Cholera.

- **Mid-Medium:** Support for MSMEs and productive sectors, especially where the poor are employed in the informal sector.

There are many other programmes not noted, some of which must start early to be ensure

III. Towards Adaptive Management

Yemen's complexity requires donors to organise flexible interventions that respond to shocks while progressively learning from developments on the ground. UNDP's Crisis Bureau has developed an approach to working in complex environments that seeks to learn in real time.²⁴ Referred to as "adaptive management", throughout the programming lifecycle it adjusts ongoing programming to achieve desired outcomes and impact based upon emerging, real-time knowledge, while acclimating to different realities and needs. The approach recognises that knowledge needs to be built progressively and flexibly, in parallel to experimentation and action.

Yemen's operating environment requires systems and practices that allow donors to have a constant 'finger-on-the-pulse'. This includes access to information and analysis – allowing for a change of course in terms of scenarios, strategies, partners, and assumptions – while at the same time assuring staff safety. Some of the techniques include:

- **Area-Based Programming:** Analytical challenges and opportunities of an area

long term delivery, especially regarding the private sector, agriculture, environmental sustainability, and improved local government.

holistically, promoting multi-sector implementation of interventions.

- **Conflict-Sensitive Programming:** Does not try to work around conflict but rather, on conflict, with a clear focus on its underlying drivers.
- **Innovative Programming:** Attempts to find out what works through trial and error while not losing sight of the desired outcomes.

As it is difficult to predict the impact of COVID-19 in the different parts of Yemen, it is important to create a Crisis Cell with a dedicated body of experts. They will systematically monitor the evolving situation on the ground by culling and centralising the data collected, as well as continuously evaluates COVID-19's impact on households, services, supply chains, financial operations, and other pillars of the economy. This will allow stakeholders in government, UN-agencies, and civil society to rapidly adapt programmes and responses to the developing situation. WFP can on board its Vulnerability Analysis and Mapping (VAM) capacity through remote assessment, and UNICEF can connect its sentinel surveillance system.

IV. Continue to Invest in Knowledge, New Technologies, and Data

There have been impressive efforts to analyse and better understand a wide range of aspects of the social, economic, and political landscape of Yemen. Conversely, collecting data to make the donors' effort more evidence-based has

resulted in less progress to date. At a macro-level, for example, there is no unified database that maps out donor initiatives which has resulted in no clear understanding of the development funds disbursed.

²⁴ UNDP Crisis Bureau: adaptive management in the UNDP, 2020 working paper.

COVID-19 should see the acceleration of digital inclusion in different contexts. First, additional progress can be made by developing and expanding online and/or digital beneficiaries registration mechanisms. For example, by building upon the MIS data management platform for beneficiary data storage, a common UNDP-intervention beneficiary database, including cash for work, has been created. This also assists with detecting multiple assistance needs and provision of beneficiaries.

It is also necessary to align the mobile banking digital payment modalities under the Enhanced Rural Resilience Programme of Yemen II (ERRY II) with COVID-19 constraints and needs, sensitising beneficiaries on payment modalities and reducing the risk associated with cash while expanding the limited mobile banking usage. There is also scope to enhance the use of internet-based tools for online marketing and/or selling, as indicated in Pillar 3.

UNDP and other partners are investing in digital support needed to develop data platforms to inform pandemic response and recovery; digital platforms and partnerships for citizen engagement; digital financing and/or e-Commerce to support vulnerable populations and MSMEs in lockdown; and, providing remote services, including telemedicine, e-justice, and remote learning (UNDP 2020(f)).

Several efforts to collect data at a micro and facilities level have been conducted by WFP, UNICEF, and the WB, but major constraints are faced including: (a) data must become more centralised and a common template should be used – particularly in the social protection domain; (b) a limited range of quantitative data sources informing programmes design; (c) delivery and monitoring; and, (d) the need for robust, critical and independent impact assessments of programmes and interventions.

Beyond monitoring aid delivery, there are insufficient independent or comparative

impact evaluations available and ways to augment agency delivery reporting by subcontractors in remote management contexts must be found (DFID 2019(b)). There is also a need to build upon and continue the knowledge production in general.

These constraints must be reduced over time including new data collection that can improve future decision-making. Key to synchronising the data environment – especially social protection – is to define data and analysis requirements for strategic national level decision-making including demographic and population data needed for humanitarian cash transfers and social protection planning.

The absence of a recent census makes it increasingly difficult to properly develop sampling weights in survey data – particularly considering the increased displacement of the population. The use of big data techniques, as already started by WFP, will be useful in such an environment to monitor progress in the implementation of specific programmes.

Determining the difference between common data management approaches such as formats, interoperability, and security is needed, as well as agreement on joint commission of programmatic third-party monitoring and detailed impact assessments. It is also critical to strengthen and involve national statistical capacity such as the Central Statistics Office (CSO) in Sana'a and Aden to prepare necessary population and demographic data to support the development of the social protection system (DFID 2020(b)).

Recommendations

OC1 | Adapt projects and approaches to the situation created by COVID-19.

OC2 | Re-programme existing projects in ways that prioritise and sequence interventions according to a common strategy.

OC3 | Increase flexibility in adapting to new shocks.

OC4 | Invest in data collection and monitoring and evaluation systems.

Working toward National Leadership and with National Partners

Typically, during conflict it is difficult for donors to strictly follow the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) lose their relevance. Donors are often unable to fully understand country-specific knowledge, efforts can crowd out surviving institutions and contribute to further institutional breakdown, and valuable national skills may be lost – making recovery more difficult. Meanwhile, direct delivery increases costs and a donor support is used for management and delivery costs. And the lack of a national development agenda severely constrains donors' ability to move from humanitarian support toward long term development.

Several studies by influential donors in Yemen (UNDP, WB, and DFID) have suggested ways to reduce this, including:

- Finding "islands of quality" in public institutions that have, or can rapidly develop, enough capacity, autonomy, integrity, transparency, and thus legitimacy, to effectively deliver services even during the present circumstances. Several institutions have demonstrated this capacity and their role can and should be scaled-up in the

coming phase.

- Continuing to encourage main national actors to develop national plans that can lead and/or influence donors' work. There are several plans prepared by various actors that outline broad visions and plans. These documents tend to stress development issues as they relate to governance, the rule of law, the productive sector, and reconstituting an effective public sector that can deliver services to the population.

Closely connecting to these plans and finding ways to enhance local ownership and leadership can help donors in two ways. First, it frames donors' efforts into a wider national framework. Second, it puts pressure on national authorities to deliver on commitments, including the respect for the rule of law and human rights, the payment of salaries, and improved coordination in the running of national institutions such as CBY.

This support can pave the way to rebuilding a workable social contract that is valuable – even if at lower levels of authority – because of demonstration effects. These goals have been espoused by donors in the past, but a more vigorous push is needed to apply them in



practice. Additionally, these documents should be accompanied with a systematic effort to seriously consult civil society. By including social association and private sector groups actively in the planning and execution of projects and initiatives, an important anchor in national ownership can be established. It is also key to protect donor resources necessary for the survival of many.

Based upon experiences over the past five years, the next 18 months will require a shift

from donors agencies – from an operating environment with almost full control over resources and decisions to one that actively seeks national partners – both public and private – to engage in the planning and running of programmes.

I. Working with Civil Society, the Private Sector, and the Media

There are many good examples of successful interventions with civil society including, as discussed in Part 2, the local media, NGOs, civil society organisations, and the private sector – that have encouraged the participation of youth and women, enhancing the outcomes of projects. In the future, these efforts must be

increased and scaled-up, especially for COVID-19 related activities and development programmes.

II. Working with National Institutions

Working with select national institutions – as in the WB/UNDP/UNICEF Yemen Emergency Crisis Response Project (YECRP) – has demonstrated that implementing through national institutions such as SFD and PWP has produced rapid and cost-effective results and that their capacity could be scaled-up. The neutrality and impartiality of these institutions has enabled them to operate throughout the country, even in areas where UN agencies have restricted access.

In the absence of formal government counterparts, SFD has shown that it can work directly with communities. Their community-based targeting in a recent evaluation was rated as highly responsive to local needs and accountable to beneficiaries. Given its

knowledge on the ground, SFD has shown an ability to use a flexible approach that allowed for agility in changing circumstances. Additionally, its mainstreaming of conflict-sensitive approaches is seen as having contributed to local peacebuilding efforts.

Similarly, other WB projects have worked with pre-2015 Project Implementation Units and have reported positive results in areas such as health, infrastructure, energy, and education. This demonstrates that – rather than using expensive external mechanisms to ensure fiduciary controls – it is possible to gradually move to using the rules of these institutions, relying on post implementation evaluations to improve speed and flexibility.

III. Working with Communities

For most donors, communities have been the main recipients of support. For example, the Social Protection for Community Resilience in Yemen Project (SPCRP) main activities are cash-for-work to restore basic healthcare facilities and the provision of psycho-social support for women and men affected by violence. SPCRP enabled local authorities to enhance health care by planning, coordinating, and monitoring priority project implementation by strengthening Village Cooperative Councils (VCCs) and helping bridge gaps between the two. The NGO's role was central to its success.

Similarly, the Enhanced Rural Resilience

Programme of Yemen (ERRY I) focused on the formation of VCCs and Local Community Committees (LCCs) to support a hybrid local governance model. This demonstrated formal local governance structures can continue functioning when supported by community level institutions. The evaluation of ERRY I suggested that the model was scalable, allowing for bottom-up planning and actions for an integrated preparedness, resilience, conflict resolution and humanitarian response to the needs of vulnerable people. The project was also able to enhance access for women to different resources.

IV. Working with Local Authorities

Working with local authorities is uncommon among donors. While work with communities has been shown to be effective – especially in terms of priority-setting, targeting mechanisms, and even co-funding – many important projects go beyond local level scope,

encompassing broader, multi-community projects. However, the 2014 Decentralisation Law has become unworkable; however, a peace deal will likely be based upon a decentralised framework. Thus, support for local governance is imperative.

Recommendations

- OC5** | Work more intensively with the civil society, the private sector, and the media.
- OC6** | Work more with and through successful national institutions.
- OC7** | In addition to supporting communities, work more, in careful ways, with local authorities.
- OC8** | Connect donor plans more tightly with national strategies.

Donor Coordination

Better integration of development programmes requires a more evolved coordination platform to support dialogue on collective outcomes, find practical modalities for operational coherence, and create an integrated reporting and monitoring system. With the support of OECD-DAC and GCC donors split, and Gulf

donors regularly operating through their own institutions – there is often little interaction and coordination. Efforts to improve donor coordination have progressed recently, but more progress is needed, and new efforts should be adjusted to the proposed strategy. (See Box 10.)

Box 10: Donor's Commitments to Principles of Aid Effectiveness

UN strategic framework for Yemen (2017 – 2019) sets as its main goal: To mitigate the impact of the current conflict on the social and economic conditions in Yemen, and on the capacity of state institutions while contributing to ongoing peace building efforts. It organises its work around four outcomes:

- Critical state institutions, at central and local levels, maintain core functions and contribute to confidence building between the parties to the conflict.
- Basic social services continue to be delivered to the general population.
- Communities are better managing external threats, local risks and shocks with increased economic self-reliance and enhanced social cohesion.

- Effective leadership, participation and engagement of women, youth and civil society are promoted to strengthen their contribution to peace and security in Yemen.

Similarly, the Stockholm multi-donor agreement (December 2019) among EU, DFID, Germany, WB, and the UNDP recommended progress in programming along the following lines:

- Acknowledge the lack of coherence of ongoing efforts.
- Agree to initiate NEXUS efforts at sector level (e.g. food security, cash assistance and/or social protection) to support “impact to scale”.

- Need to incorporate “soft P” (peace) components.

To operationalise the NEXUS, the following is needed:

- A conceptual framework for the NEXUS.
- An empowered coordination and/or leadership platform.

- Common objectives.
- Joint needs assessments, analysis, and data monitoring.

I. Enhancing the Donor Architecture and Instruments

In an enhanced donor architecture, all partners will fully participate in harmonisation and procedure simplification and sharing information to avoid duplication. A reorganised structure could include a new Yemen International Partner’s Forum to ensure alignment between authorities and partners around a set of shared and coherent objectives. It may also include a new Multi-Donor Trust Fund to pool resources for more ambitious and coordinated action.

It could also include five working groups to correspond to the five pillars above, including local and national authorities, donors, civil society, and the private sector. Each working group must develop joint work plans including a mapping effort at sector level to enhance delivery coordination, build capacity, and consider joint efforts to scale up for results. More in-depth dialogue on collective outcomes, practical modalities for operational coherence, and integrated reporting and monitoring systems are also needed.

As reviewed in Part 2, the important Social Protection and Livelihoods Cluster must rapidly build a framework that allows for a clearer operational understanding of how food, cash, and work interventions relate in addressing common outcomes. Each cluster can also start to specify the type of triggers – institutional but also peace-related issues such as the payments of salaries – that would allow for increased work with national institutions.

Conditions allowing, it is possible to start merging projects into large and ambitious initiatives that can mobilise the country around the SDGs.

Donors have increasingly become more sensitive to the need to coordinate around humanitarian and development efforts, as well as peace efforts. With the ongoing ceasefire negotiation, “confidence building measures” have grown, creating important incentives for increased donor funding.

Several projects already operate along the HDP nexus – successfully integrating the humanitarian, development, and peace components. An example is the ongoing collaboration between UNDP, the United Nations Mission to Support the Hodeidah Agreement (UNMHA), and the Office of the Special Envoy of the Secretary General (OESGY). They collaborate to address a variety of concerns that demonstrate substantive links in action between the peace and development efforts.

The Local Governance for Stability and Recovery project (ReLOG) is another HDP nexus opportunity. The project has been designed to buttress the resilience of local Yemeni governance systems to reinforce the resilience and recovery of conflict-affected communities.

Looking ahead to a possible transition period in Yemen, the operationalisation of the HDP nexus is likely to become even more valuable should peace be established. There will be an enhanced opportunity for integrating “P” for peace into integrated action on the ground.

II. Resource Mobilisation

This document has not estimated the overarching resources needed to effectively combat COVID-19 in Yemen because needs are very large and resources clearly constrained. A minimum goal in the medium term would be to stabilise aid levels at their 2018 – 2019 levels – about USD 3 to USD 4 billion a year. Some of the support must take the form of budget and/or balance of payment support.

Ideally, the effort to consolidate and rebalance should go hand-in-hand with larger mobilisation and more transparent use of national resources such as through forming a

national oil revenue fund and more effective collection of taxes and customs. Efforts should also include enhancing existing informal mechanisms for self-help.

These external funding efforts must proceed along several axes and in a gradual and flexible way that promotes development in the political and security situations. Budget support is needed, first to pay for salary top-ups for health workers and then to manage food and fuel supply and prices. There are also opportunities to raising funding from IFIs and to unlock frozen international reserves. Over



time, development effectiveness should start showing marked improvements as donors – working with national institutions – show readiness and capacity to use funds to improve the country's resilience, productivity, and sustainability.

Recommendations

OC9	Include GCC countries more centrally in coordination structures.	OC10	Make sector clusters more dynamic domains for donor interaction.
OC11	Donors make efforts to develop closer connections between humanitarian and development programmes, and the peace process.	OC12	Engage in new funding efforts.

Annexes

Annex 1. Top Donors in Yemen

Kingdom of Saudi Arabia (KSA): KSA is the largest donor to Yemen in the period 2017 – 2018. Its net ODA was equivalent to USD 1,934 m. In the period 2015 – 2017²⁵ on average USD 345 million. were disbursed per year with the peak in disbursements in 2018 when they reached USD 3,477 million. On average, about 25% of its assistance goes to developmental projects in support of the health, water, education, agriculture and fisheries, electricity, and power sectors, as well as for (re)building infrastructure (roads, ports, airports, and governmental buildings). KSA has been the only donor providing general budget support to the IRG. The main KSA agencies that channel the funds to Yemen are the King Salman Humanitarian and Relief Centre and the Saudi Development and Reconstruction Programme for Yemen. The humanitarian pledge of USD 500 million in 2020 is the largest one among all donors.

United Arab Emirates (UAE): Yemen is the top recipient of UAE aid. In the same period, the Emirates provided net ODA to the tune of USD 1.72 million. The UAE did not make any HRP pledge in 2020. In 2018, 18% of finding went to developmental efforts, with a focus on health and energy generation.²⁶ In terms of channels of delivery, UAE works mostly with the IRG (and flow from the Abu Dhabi Fund for Development, the Khalifa Bin Zayed Al Nahyan Foundation and the UAE Red Crescent). Some funds have been channeled through UN agencies (UNICEF, UNDP, UNHCR).

United States of America (USA): USAID resumed its development programme as of 2017 in Yemen, which covers the following sectors: health, water, sanitation, and hygiene, governance, peace and security, economic growth, education, and cross-cutting support (where for example, the UNDP/PWP project Water, Sanitation and School Rehabilitation is classified under). The total development funds²⁷ for current programme period, i.e. 2017 – 2020, amount to USD 388.9 million, of which UNDP has received USD 18.8 million (projects have been classified under agriculture, governance,²⁸ education and health and population sectors). USAID also supports the Office of the

²⁵ There is no information on KSA aid prior to 2015 in the OECD statistics.

²⁶ Information source: <https://www.uae-embassy.org/about-uae/foreign-policy/foreign-aid-0>.

²⁷ Source of information: <https://explorer.usaid.gov/cd/YEM>.

²⁸ Mine action support has been classified under governance.

UN Special Envoy for Yemen. The 2020 HRP pledge is USD 225 million (in kind food contribution through WFP). USAID plans to conduct the COVID-19 response through their existing implementing partners. A pre-condition for support is measures for the assistance not to be allocated/diverted to areas or institutions under Houthi control.

World Bank/IDA: The Bank's engagement in Yemen is a test case for its work in fragile contexts and adaptation of its investment projects and services. Its portfolio of USD 1.8 billion in active projects (2016 – 2020) is largely disbursed through UN agencies, principally the UNDP and UNICEF.²⁹ The main projects are in the areas of social protection, health, electricity, urban services, income generation, and agriculture supports, and are executed by key national institutions (the SFD, PIUs in transport and water sectors within IRG ministries).³⁰ The WB is in the process of updating its Country Engagement Note for Yemen. The past CEN covering the period 2020 – 2021, which focuses on two objectives: (i) continued support for basic service delivery and institutional preservation; and (ii) extending support to livelihoods, human capital, and basic economic recovery with a focus on the transition to peace and post-conflict reconstruction.³¹

In response to the COVID-19 pandemic, the World Bank has set up a [USD 26.9 million](#) IDA grant, approved by its Board on 2 April 2020, to support immediate response and mitigate the risks associated with the outbreak and limit the possible extent of the spread of the disease.

The project will be implemented in partnership with the WHO. Annual gross disbursements for the World Bank Group as reported to the OECD CRS show disbursements growing from USD 41 million in 2016 to USD 571 million in 2017 and USD 366 million in 2018.

European Union (EU): The EU Member States and the European Commission disbursed on average EUR 197 million per year before the 2015 conflict (2007 – 2014). After 2015, there was a significant increase in aid, predominantly humanitarian, reaching its peak in 2018. More than 70% of disbursements in the period 2015 – 2020 are of humanitarian nature and the remainder mostly allocated to the social sectors. The European Commission announced a USD 78.21 million pledge in 2020 to respond to the COVID-19 crisis Response to COVID-19 is both for North and South of the Country and is channeled through UNICEF, UNDO, and WHO.³²

The top five EU donors to Yemen are the UK (up to 2019), Germany, the European Commission, the Netherlands, and Sweden. In the period 2015 – 2019, the European Commission alone has provided EUR 440 million in humanitarian assistance and EUR 323 million in development assistance. The latter is focusing on the provision of basic public services to the communities, such as health, education, access to water and food through local councils and the creation of livelihood opportunities for small-scale private sector actors and agribusinesses, as well as social cohesion projects, support to IDPs and host

²⁹ Source: <https://projects.worldbank.org/>.

³⁰ The IDA portfolio comprises: (1) [the Emergency Crisis Response Project](#), USD 848.58 million; (2) [the Emergency Health and Nutrition Project](#), USD 638 million (3) [the Emergency Integrated Urban Services Project](#), USD 150 million; (4) [the Emergency Electricity Access Project](#), USD 50 million; and (5) [The Yemen COVID-19 Response Project](#), USD 26.9 million; and (6) the USD 36 million [Smallholder Agricultural Production Restoration and Enhancement Project](#).

³¹ Source: <http://documents.worldbank.org/curated/en/757121557938303017/pdf/Yemen-Country-Engagement-Note-for-the-Period-FY20-FY21.pdf>.

³² Source: UNDP Yemen Country Office.

communities. The EU's development policy is set out in the European Consensus on Development, renewed in 2017.³³ It focuses on the whole HDP nexus with humanitarian assistance, connected to reducing violence in conflict-affected regions, to reduce migration pressure into the EU's ODA. In the period 2015 – 2020, the main channel of delivery for EU aid was the WFP (73% of total), UN OCHA (6%), UNICEF (4%), and NGOs (6%).

Germany has increased its commitments in 2019 to Euro 136 million compared to Euro 62.5 million in 2018. The assistance is focusing on the provision of basic services, such as water supply, health, and education. In the period 2016 – 2019 Germany's support to the HRP for Yemen amounted to USD 561 million. It announced a pledge of USD 137.97 million for the 2020 HRP and will be supplemented by efforts to support peace process with an additional EUR 10 million and EUR 70 million for resilience building measures.³⁴ KfW is supporting projects in water/wastewater, employment promotion, and basic and secondary education, as well as family planning and reproductive health (with SFD, UNICEF, and UNDP). Total commitments for the period are USD 143 million. GiZ operates in Yemen through its local staff. Its priorities are water (drinking water and sanitation; capacity development for local water utilities); basic education (training of teachers, school development and psychosocial support); food security; support to IDPs and host communities; health; economic development and employment; governance and peace

building. Total commitment is EUR 105.96. DFID- UK aid in the recent period is largely humanitarian, and support to peacebuilding (via the Office of the UN Special Envoy for Yemen, and mine action support via UNDP).

³³ Source: <https://donortracker.org/country/eu>.

³⁴ Source: UNDP Yemen CO.

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