



# USAID YEMEN PROGRAMMING APPROACH 2017-2020

A Stronger Foundation for Durable Peace

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## INTRODUCTION

Yemen's current conflict is complex and multifaceted. Fighting continues between those aligned with the Houthis and forces allied with the internationally recognized Republic of Yemen Government (ROYG), backed by a coalition led by Saudi Arabia and supported by the United States. Beyond the larger regional conflict, there are a wide range of local conflicts and grievances - including some secessionist elements - that were not resolved during the 2012 transition. Political instability, a security vacuum, and fractured governance have allowed Al Qaeda in the Arabian Peninsula (AQAP), the Islamic State-Yemen (ISY), and other extremist groups to expand their areas of influence. During the conflict, Yemen's social fabric has frayed, polarizing communities and deepening societal divisions in ways that will create significant obstacles for peace and reconciliation processes and challenge Yemen's stability for years to come. Some parties to the conflict – including regional actors – seek to amplify these divisions. Many conflict actors are also benefiting from a wartime economy and profiteering in ways that create further obstacles to peace.

Meanwhile, Yemenis are facing a dire humanitarian situation exacerbated by a looming economic collapse. The war has resulted in massive destruction of infrastructure, erosion of institutions, substantial displacement of families, and acute food insecurity, with some areas on the brink of famine. Basic human services are collapsing: two million children –more than a quarter of Yemen's school-aged children - have been deprived access to schooling, only 50 percent of health facilities are functional, and 16 million Yemenis lack access to clean drinking water and sanitation. The unprecedented cholera outbreak that began in April 2017 is evidence of this erosion of health and water, sanitation, and hygiene (WASH) systems. Contraction of employment opportunities in both formal and informal sectors has significantly reduced household incomes, and Yemenis are increasingly exhausting their coping mechanisms. These conditions are unlikely to change absent a durable political resolution to the conflict.

## PURPOSE AND STRUCTURE OF THE YEMEN PROGRAMMING APPROACH

Humanitarian assistance is critical in Yemen, but on its own will not prevent the collapse of key social and economic institutions, stem the tide of conflict, or build Yemen's resilience to future shocks. For this reason, USAID/Yemen is significantly expanding its development assistance to help put the country on a path to recovery and prevent continued dependence on humanitarian aid.

USAID/Yemen believes that effectively designing and implementing programs in such a complex, protracted conflict environment requires an integrated strategic approach to guide programming that builds on the Agency's substantial humanitarian investments. However, that approach must also be highly adaptive and able to respond to rapidly changing conditions and needs. To achieve this balance, USAID/Yemen developed a plan for monitoring key aspects of the Yemen context in a way that will allow the team to anticipate shifts along various potential scenarios - including continued, worsened, or shifting conflict, a sustained cessation of hostilities, or a peace agreement.

The Yemen Programming Approach (YPA) identifies goals, objectives, and outcomes that are relevant across all potential scenarios Yemen may face. These outcomes are consistent enough with the current status quo to be meaningful to activities in the near term, while ambitious enough to provide a vision for programming. The activities nested underneath these outcomes have been designed to both specifically

target the unique needs and conditions of a given scenario, and with the flexibility needed to adapt as conditions on the ground evolve and the country shifts into different scenarios.

Because Yemen is a non-permissive environment - which precludes prescriptive planning - the YPA is intentionally not a “project” or “strategy.” Instead, the YPA is intended to serve as a foundation for adaptive planning. Ongoing learning and adaptation are critical to this approach and have also been integrated into all activities designed under the YPA. The team will conduct a stocktaking exercise after the three years, after which the YPA may be revalidated and extended for up to an additional two year period.

## **GOAL AND OBJECTIVES: A STRONGER FOUNDATION FOR DURABLE PEACE**

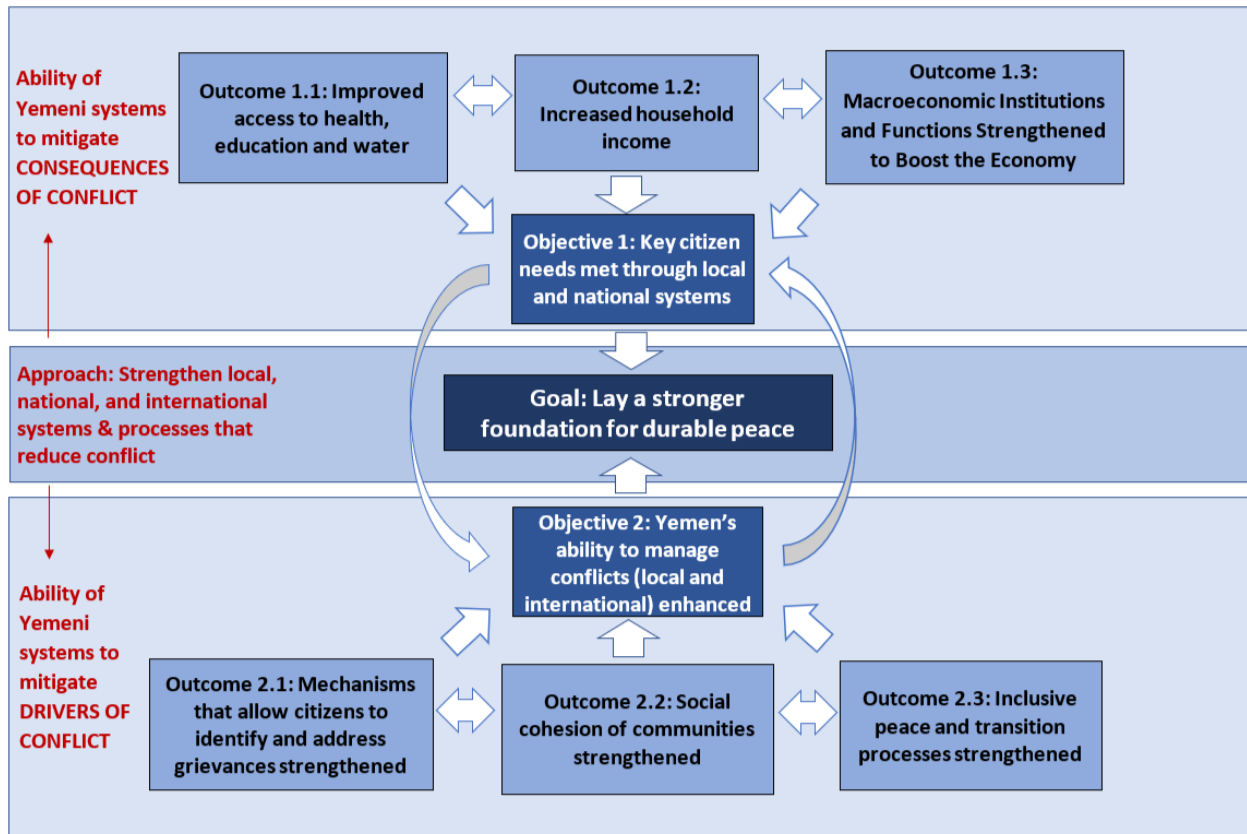
### **YPA GOAL AND OBJECTIVES**

While assistance alone cannot turn the tide of the conflict, the international community can help build a stronger foundation for durable peace in Yemen by strengthening Yemeni systems (including government, civil society, private sector, and community institutions and processes) that reduce conflict. In particular, USAID/Yemen can help strengthen the ability of Yemeni systems to meet citizen needs (Objective 1) and enhance Yemen’s ability to manage conflict (Objective 2). These two objectives are interconnected and tied to both the consequences of conflict and drivers of conflict in Yemen, and as such are essential elements for peace: Greater access to basic social services and economic opportunities reduces conflict related to scarce resources and provides the enabling environment for Yemenis to engage peacefully and productively in their communities. If those services and resources are provided equitably and transparently through official Yemeni institutions, they can build citizen support for the government. Additionally, schools and health facilities are typically the largest institutions in communities and are intended to serve all community members regardless of political, religious, or other divisions. If promoted as safe, equitable spaces in the community, they can help bridge social divides and build social cohesion.

Helping local and national systems meet Yemenis’ social and economic needs alone will not create a foundation for durable peace. Given the wide range of local conflicts in Yemen and the damage the conflict has had on Yemen’s social fabric, additional efforts are needed to mitigate conflict and address Yemenis’ grievances. This includes efforts at all stages to build more responsive institutions (local and national, formal and informal), promote peaceful dialogue at the local level, and bridge societal divisions. Communities have already developed coping mechanisms to adapt to shocks and stressors associated with the conflict and address grievances. These coping mechanisms can be supported and strengthened through activities across programmatic areas. When viable peace and transition processes do emerge, the international community must also help Yemen make these processes as inclusive as possible, ensuring citizens have an opportunity to help shape the way those processes affect their communities and households. Activities under Objective 2 ultimately make efforts to meet citizens’ basic needs – including through humanitarian assistance – more effective: they strengthen community mechanisms to prevent and mitigate the effects of future conflict, address disputes related to how assistance is distributed, and help better align assistance with community-identified needs and conditions.

The “Results Web” (Figure I) demonstrates the interconnected nature of these objectives and outcomes. USAID’s activities seek to enhance the identified linkages between the various outcomes and advance our understanding of the drivers of conflict – especially at the local level - through significant analytical and learning components, recognizing that such drivers are complex and changing.

FIGURE I: YEMEN PROGRAMMING APPROACH RESULTS WEB



## GUIDING PRINCIPLES FOR USAID ASSISTANCE TO YEMEN

All USAID assistance incorporates a “do no harm” approach. We recognize that in any context, all forms of assistance have the potential to create conflict, including over the selection of beneficiaries or distribution of resources. For this reason, in Yemen all activities are carefully designed with a conflict sensitive lens and integrate conflict assessments as appropriate. Activities under Objective 2 in particular require additional analyses to ensure USAID partners fully understand local conflict dynamics and are trusted within communities to engage on issues that may be a source of social tension or conflict. Additionally, USAID constantly reviews its broader assistance portfolio to ensure it is upholding do no harm standards.

USAID recognizes the important, leading role being taken by other donors in non-humanitarian assistance to Yemen and seeks to focus our assistance on sectors and approaches that align with our

unique comparative advantage while maintaining regular coordination with other donors at the sector and strategic levels. Our experience providing assistance in conflict and post-conflict environments combined with our intensive oversight mechanisms and variety of assistance modalities make us well-suited to pilot new assistance approaches with a strong learning agenda. Additionally, USAID can provide high-quality technical assistance and expertise to complement other donors' investments in key Yemeni institutions and policy areas. Finally, USAID's historical experience and leadership within the health and education sectors give us a comparative advantage in activities related to primary education and health systems strengthening.

USAID/Yemen has worked with USAID's Bureau of Democracy, Conflict, and Humanitarian Assistance to develop procedures for strategic and operational coordination between USAID's humanitarian and development assistance to Yemen. Clearly defined and regular coordination between the humanitarian and non-humanitarian responses is critical to maximize the effectiveness and efficiency of all assistance, minimize the risk to beneficiaries and implementers, and ensure that all assistance is helping build Yemen's resilience against future crises. USAID looks forward to working with the donor community to continue to maximize this coordination across the broader Yemen response.



## ANNEX I - DESCRIPTION OF OUTCOMES

### OUTCOME I.1: IMPROVED ACCESS TO HEALTH, EDUCATION, AND WATER

Background: The war has eroded access to basic services like healthcare, clean water, and education in ways that will have devastating, intertwining impacts on Yemen's stability for years to come. The education system in Yemen has been all but destroyed as a result of the violence. Up to 2,500 schools can no longer be used because they are destroyed, damaged, are hosting displaced families, or are occupied by the warring parties. The Education Cluster reports that teachers in over half of Yemen's governorates do not receive or irregularly receive their salaries. Beyond devastating future opportunities for youth, this has immediate impacts on stability: extremist groups recruited at least 2,419 boys into their ranks as of March 2018, a number which will increase as young people remain vulnerable and without access to safe spaces or education. Health and WASH systems are equally in disrepair. Only 50 percent of health facilities are functional, 16.4 million people have limited or no access to health services and over 16 million people are in need of access to safe water and sanitation. Yemen's water situation was already the worst in the Middle East, and the current conflict is preventing Yemen from coping with this basic threat to its longer term economic and social stability.

Approach: Across all potential scenarios, activities under this outcome support institutions and systems responsible for the delivery of education, healthcare, and water and sanitation services. These initiatives complement and build on ongoing humanitarian efforts that are focused on immediate and lifesaving interventions. USAID/Yemen supports formal and informal institutions providing key services, particularly those that utilize participatory and transparent processes to identify needs, thereby building linkages with Outcome 2.1. Additionally, activities are being coordinated with efforts under Outcome 1.2 to prioritize activities that promote livelihoods related to education, healthcare, and WASH.

### OUTCOME I.2: INCREASED HOUSEHOLD INCOME

Background: The economic and humanitarian turmoil in Yemen since 2011 has acutely affected Yemeni households, who have seen their incomes slashed while prices and inflation rise. This reduction in purchasing power is a leading factor in the current food insecurity crisis. Insecurity, increased prices of fuel and other key inputs, and significant disruptions to import and export markets have seriously disrupted agricultural and other livelihoods in Yemen. Estimates suggest continued declines in agricultural output, with 2017 agricultural output half of the five year average and down eight percent compared to 2016. Similarly, almost half Yemen's livestock herders have reduced or gotten rid of their herds. The private sector has been equally devastated. The UN estimates that at least 55 percent of the workforce has been laid off since the conflict began and over a quarter of businesses have shut down. Even public sector workers have been largely unpaid since September 2016, removing another key source of income for over one million public employees and at least 7 million dependents.

Approach: Increasing reliable income producing activities – including agricultural activities – for Yemeni households is a critical step towards stabilizing the social and economic situation in the country. Doing so provides households and communities with the tools they need to respond to the conflict and improve their resilience against additional conflict related shocks that are likely to emerge before peace comes to Yemen. Improving the purchasing power of Yemeni households and supporting key value chains helps maintain a flow of basic commodities – including food – and addresses the health and

malnutrition crises stunting Yemen's future. It provides positive opportunities for women, youth and other key target populations (including - should Yemen progress towards a peace agreement - those who took up arms during the conflict). It is critical that all activities under this Outcome incorporate a transparency and anti-corruption lens. When identifying businesses to support and other private sector partners, USAID/Yemen ensures that our partners are supporting as wide and inclusive a range of actors as possible, and that the job creation and other benefits produced reaches a broad spectrum of Yemenis, including key vulnerable populations. Additionally, USAID/Yemen ensures that these activities build on USAID-supported humanitarian livelihood interventions.

### **OUTCOME 1.3: MACROECONOMIC INSTITUTIONS AND FUNCTIONS STRENGTHENED TO BOOST THE ECONOMY**

Background: According to the ROYG, Yemen's economy contracted by over 47 percent between 2015 and 2017. Yemen has depleted much of its foreign reserves and critical economic activities have ground to a halt, with oil and gas production down to a fraction of pre-crisis levels. Exports are virtually non-existent. Imports have decreased or been diverted to ports more distant from the bulk of the population, and it has become difficult and expensive to move commodities internally between areas controlled by different factions. Basic economic processes and systems are breaking down: the country is facing a serious liquidity crisis and inflationary trends and the banking system is in turmoil. The Central Bank of Yemen (CBY) - which has served critical fiscal and budgetary functions for the ROYG - lacks the resources or cooperation from regional branches needed to perform basic functions, let alone address these monumental challenges. Mitigating the collapse of these basic macroeconomic institutions and functions is critical to amplifying the impact of activities to enhance household income and access to basic commodities.

Approach: Under this outcome, USAID/Yemen seeks to restore and/or strengthen key macroeconomic and fiscal functions that can help mitigate and – should the conflict end – reverse the economic collapse. Activities under this outcome may include technical assistance to the CBY (if/when the CBY, IMF, and donors identify opportunities for meaningful technical assistance that will prepare the CBY to better serve all Yemenis) as well as support for trade and customs facilitation to improve the flow of goods in Yemen.

### **OUTCOME 2.1: MECHANISMS THAT ALLOW CITIZENS TO IDENTIFY AND ADDRESS GRIEVANCES STRENGTHENED**

Background: Over the decades of former President Saleh's rule, he centralized power and resources around Sana'a and in the hands of a small group of influential tribal, political, and military allies. Following Yemen's civil war and re-unification, Saleh adopted policies that marginalized former South Yemen politically and economically as well as within key government and security institutions, especially for those groups that fought on the side of secession during the civil war. While this marginalization was particularly acute in former South Yemen, it was by no means restricted to this area. With an unresponsive central government and local authorities that lacked real power or resources, communities were left feeling that they lacked the avenues to communicate and address their needs and grievances. Informal local institutions like tribes provided an alternative structure for addressing local needs, though this was sometimes accomplished through extra-legal means, such as kidnapping. Other new groups mobilized to demand change from the government, including through the Southern

Movement (known as Hirak) and the Hadramawt Tribal Council in the east. In many ways, the Houthi movement that emerged out of Sa'ada in the north was also an attempt to protest this sense of regional marginalization. While the 2012 transition promised to address this trend through decentralization, those reforms were delayed and ultimately derailed by the most recent conflict. Prolonged conflict in Yemen has exacerbated these grievances and other local level conflicts and made communities more vulnerable to violent and extremist messaging.

In the long run, it is critical that Yemen adopts a system of governance that is more responsive to local needs. In the meantime, it is important that local level mechanisms that help Yemenis peacefully express and resolve their grievances be supported. Such mechanisms can help mitigate or avoid local conflicts, help communities recover from the effects of the conflict, and provide the foundation for meaningful forms of responsive governance in the long term.

Approach: Activities under this outcome begin with conflict assessments and mapping of local mechanisms that allow communities to collectively identify and address their grievances. This may include community based organizations, tribal structures, religious based groups, civil society organizations, private sector organizations, informal networks, local councils, or other formal local institutions. A key consideration of these assessments is how inclusive local processes and mechanisms are and whether they cut across social and conflict divides. Conflict assessments and mapping help USAID better understand the local environment and identify appropriate entry points for programming that can reinforce existing mechanisms and amplify their impact. Activities provide training to support inclusive local mechanisms as well as small grants for micro-projects related to community identified needs. Recognizing that such activities are inherently local, the approach used by these activities varies significantly by location.

## **OUTCOME 2.2: SOCIAL COHESION OF COMMUNITIES STRENGTHENED**

Background: The ongoing conflict has created unprecedented fissures in Yemeni society along a range of regional, political, and religious divides. The current conflict lines fall largely along the former border between north and south Yemen, thus exacerbating existing regional tensions (discussed above) in extreme ways. While Yemen had previously escaped the sectarian conflict of other countries in the region, divisive social and religious rhetoric from conflict actors are contributing to troubling new sectarian trends. AQAP and Islamic State in Yemen have reinforced this narrative of a conflict between Shaifi Sunni and Zaidi Shi'a Yemenis as they broaden their influence. Durable peace will be under threat in Yemen as long as these and other social divides remain, particularly because so many spoilers exist who would seek to exploit them.

Approach: USAID assistance under this outcome focuses on efforts at the community and individual level to bridge social divides through a variety of means. This outcome includes standalone activities, but it is also important that Outcome 2.2 are integrated into efforts under other Outcomes, as none of the others inherently address social divides and tensions.

## **OUTCOME 2.3: INCLUSIVE PEACE AND TRANSITION PROCESSES STRENGTHENED**

Background: The international community must remain prepared to support viable national-level peace processes as soon as they emerge. Additionally, the international community can support viable "Track

Two” or other initiatives in earlier stages that help lay the foundation for a more viable, inclusive peace process. Given the array of local conflicts and grievances in Yemen and the fracturing of power since 2015, the success of a peace and transition process will depend largely on its ability to engage a broad array of Yemeni constituencies and the degree to which it addresses those various conflicts and grievances.

Approach: Absent progress towards negotiations and a peace agreement, USAID may support community-level dialogues and explore the potential to support informal negotiation processes between Yemeni groups and/or civil society that can meaningfully advance key challenges to peace. When national-level peace and transition processes do emerge, USAID assistance will focus on efforts to make those processes more inclusive and transparent. This includes ensuring that a range of Yemeni interests and concerns are represented in the peace process, including key regions as well as key populations like women and youth. These efforts will be connected to civic education and awareness-raising activities around peace, transition, and reintegration processes. Additionally, USAID will seek to support efforts to make the decision-making processes more transparent and connect communities with sub-national and national planning processes related to the transition - building on the participatory community mechanisms supported under Outcome 2.1. As the transition process progresses, USAID will aim to support more sustainable opportunities for transparency and citizen oversight, including through potential methods for measuring local government performance and citizens' perception of local government. Additionally, USAID will seek to integrate the community-level reconciliation, reintegration and restorative justice efforts under Outcome 2.2 with any related efforts that are included in the national peace process. USAID will also likely provide technical and other assistance to support the development and execution of key transition benchmarks, such as national dialogue processes, constitution drafting, elections or referenda, or transitional justice efforts.