Yemen Resource Allocation In Support Of National Development Planning

Expert Group Meeting on “Implementing Agenda 2030: Economic Governance and National Development Planning in the Arab Region”

10 May 2018

Tunis, Tunisia
1. General situation, economic, social and humanitarian
2. Damage and Needs Assessment  DNA
3. Social Protection System
5. Efforts of the regional and international community to support Yemen
6. Coordination and Follow-up Committee
7. The role of Yemen's partners
General Economic, Social And Humanitarian Situation
1-GDP Growth

Source: MoF, IMF and staff estimates.
3- Yemen Public Finance

Chart Title

In % of GDP

In % of GDP

Total domestic revenues
Grants
Current expenditure
Capital expenditure
Fiscal deficit excl. grants (Right Axis)
3.1-Budget deficit and sources of funding

**Figure ( ) Net Budget Deficit**

- **Constraints and Risks**
  - Not available because of liquidity crisis in the banking system. And poor confidence in public finances.

- **Sources of funding**
  - **Local funding sources**
    - 1. Borrowing from commercial and Islamic banks:
        - Treasury bills
        - Government bonds
        - Islamic sakok
    - 1. Direct borrowing from the Central Bank through:
        - New cash version.
        - Use of external reserves.

4-Domestic and external debt

Source: Central Bank of Yemen and IMF staff estimates.
5- Reserves and exchange rate

Exchange rate

Yemen: International Reserves
6. Poverty indicator

<table>
<thead>
<tr>
<th>2018 يناير</th>
<th>2017</th>
<th>subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>22.2</td>
<td>20.7</td>
<td>People In Need Of Humanitarian Assistance (Million)</td>
</tr>
<tr>
<td>11.3</td>
<td>9.8</td>
<td>In Acute Need Of Humanitarian Assistance (Million)</td>
</tr>
<tr>
<td>17.8</td>
<td>17</td>
<td>Food Insecure</td>
</tr>
<tr>
<td>8.4</td>
<td>6.8</td>
<td>Suffer From Sever Food Insecure</td>
</tr>
<tr>
<td>(thousand) 50</td>
<td></td>
<td>Martyrs And Injured</td>
</tr>
</tbody>
</table>

Internally displaced 3 million people and externally a one million people

| 1 خارجيا | 3 داخليا | Internally displaced 3 million people and externally a one million people |
7. Humanitarian Response Plan

Revised Humanitarian Response Plan 2017 – Funding Status
(End of Year 2017)

$2262.8 M TOTAL FUNDING 2017

- YHRP $1666M
- $596.8M Outside YHRP

2.3* BN REQUIREMENTS
1.67 BN FUNDED
0.67 BN STILL NEEDED

71.2% FUNDED

*In mid-August, the 2017 YHRP was revised upwards from 2.1 BN to 2.3 BN to include new funding requirements for the cholera response.

Damage and need assessment DNA
<table>
<thead>
<tr>
<th>Sector</th>
<th>Loses in 2015</th>
<th>Damages (million $)</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>12,224.2</td>
<td>6,855.3</td>
<td>Total</td>
</tr>
<tr>
<td>Health</td>
<td>846.1</td>
<td>846.1</td>
<td>Health</td>
</tr>
<tr>
<td>Education</td>
<td>168.6</td>
<td>168.6</td>
<td>Education</td>
</tr>
<tr>
<td>Energy</td>
<td>1,506</td>
<td>222.4</td>
<td>Energy</td>
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<tr>
<td>Water</td>
<td>113.1</td>
<td>113.1</td>
<td>Water</td>
</tr>
<tr>
<td>Transport</td>
<td>182.0</td>
<td>182.0</td>
<td>Transport</td>
</tr>
<tr>
<td>Housing</td>
<td>4,687.2</td>
<td>4,687.2</td>
<td>Housing</td>
</tr>
<tr>
<td>Agriculture And Fishing</td>
<td>1,977.4</td>
<td>635.9</td>
<td>Agriculture And Fishing</td>
</tr>
<tr>
<td>Industry</td>
<td>8,740.7</td>
<td>8,740.7</td>
<td>Industry</td>
</tr>
<tr>
<td>Others</td>
<td>8,740.7</td>
<td></td>
<td>Others</td>
</tr>
</tbody>
</table>
## Recovery and reconstruction needs by sector ($ million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total</th>
<th>Medium term 2-5 year</th>
<th>Short term need (1 year)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High estimate</strong></td>
<td>344</td>
<td>275</td>
<td>69</td>
<td>305</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>282</td>
<td>225</td>
<td>56</td>
<td>238</td>
</tr>
<tr>
<td><strong>High estimate</strong></td>
<td>2037</td>
<td>1629</td>
<td>407</td>
<td>2046</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>1666</td>
<td>1333</td>
<td>333</td>
<td>1300</td>
</tr>
<tr>
<td><strong>High estimate</strong></td>
<td>1469</td>
<td>1175</td>
<td>294</td>
<td>1469</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>1202</td>
<td>962</td>
<td>240</td>
<td>1202</td>
</tr>
<tr>
<td><strong>High estimate</strong></td>
<td>11177</td>
<td>8942</td>
<td>2235</td>
<td>11177</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>9145</td>
<td>7316</td>
<td>1829</td>
<td>9145</td>
</tr>
<tr>
<td><strong>High estimate</strong></td>
<td>3.8</td>
<td>1.9</td>
<td>1.9</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>3.1</td>
<td>1.5</td>
<td>1.5</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>High estimate</strong></td>
<td>943</td>
<td>754</td>
<td>189</td>
<td>943</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>771</td>
<td>617</td>
<td>154</td>
<td>771</td>
</tr>
<tr>
<td><strong>High estimate</strong></td>
<td>635</td>
<td>451</td>
<td>184</td>
<td>635</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>520</td>
<td>369</td>
<td>151</td>
<td>520</td>
</tr>
<tr>
<td><strong>High estimate</strong></td>
<td>16609</td>
<td>13229</td>
<td>3380</td>
<td>16609</td>
</tr>
<tr>
<td><strong>Low estimate</strong></td>
<td>13589</td>
<td>10824</td>
<td>2.765</td>
<td>13589</td>
</tr>
</tbody>
</table>

## Assessment of Damage by sector $ million

<table>
<thead>
<tr>
<th>Sector</th>
<th>High Estimation</th>
<th>Low Estimation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Education</strong></td>
<td>145</td>
<td>118</td>
<td>263</td>
</tr>
<tr>
<td><strong>Energy</strong></td>
<td>220</td>
<td>180</td>
<td>400</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>505</td>
<td>413</td>
<td>918</td>
</tr>
<tr>
<td><strong>Housing</strong></td>
<td>6387</td>
<td>5226</td>
<td>11613</td>
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<tr>
<td><strong>Communication</strong></td>
<td>2.2</td>
<td>1.8</td>
<td>4</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td>539</td>
<td>441</td>
<td>980</td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td>248</td>
<td>203</td>
<td>451</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>8045</td>
<td>6583</td>
<td>14628</td>
</tr>
</tbody>
</table>
• The assessment includes six other cities affected by the war
• The assessment includes assessment of damage and identification of needs in nine sectors (basic services, social services, communications and food security)
• Institutional assessment of the capacities of local authorities Benefiting from the Social Fund and the Public Works Project in the Field Assessment
• The evaluation will take place during the first half of 2018
social protection system
Social protection

Social Welfare Fund

• 1.5 million people of the poorest groups benefit from the Social Welfare Fund
• Payment of cash transfers has stopped in 2014
• The World Bank provided $200 million through UNICEF covering only six months

Social Fund for Development

• The number of projects in December 2016 reached 361 projects at a total cost of $87.4 million compared to 238 projects at a cost of $67 million in September 2015
• During the first half of 2017, the second phase of the emergency response project in Yemen was signed for $170.4 million. Some 430 new projects were approved at a total cost of $88.6 million

Public Works Project

• The World Bank, through UNDP, provided $85 million for the Public Works Project in two phases: the first in August 2016 at $15 million, the second in March 2017 at $70 million
The general framework of the reconstruction and economic recovery program
Objective of the program of reconstruction and economic recovery

The program aims to secure national economic recovery, restore security stability and social peace, and achieve sustainable economic and social development.
2 - Urgent priorities for the reconstruction program

- First Priority: Meeting Humanitarian Needs.
- Second Priority: Restoration Of Basic Services, Especially Electricity, Water, Education And Health.
- Third Priority: Rebuilding The Infrastructure Damaged By The War
- Fourth: Restore Economic Stability And Growth
- Fifth: Restore Political And Security
Medium-term priorities

• Restore security and stability and secure urgent needs and basic and emergency services for the population.

• Stimulate economic growth to reduce unemployment and diversify sources of income for the national economy, enhance the role of the private sector.

• Institutional reform, justice, the promotion of good governance and nation-building.

• Development of the infrastructure.

• Human Resource Development.

• Expand social protection and poverty alleviation.

• Rehabilitation of the Yemeni economy for integration in the economies of the GCC countries.
Institutional arrangements for reconstruction

High Supervisory Committee

A Higher Committee was formed under the chairmanship of the Minister of Planning and International Cooperation to supervise the assessment of damages, determine the needs, prepare the necessary plans and programs, and set priorities, needs and regulations.

Institutional mechanisms during the conflict

- Social Fund for Development
- Public Works Project
- Implementation units existing in electricity, roads, education, health and others

Post-conflict institutional mechanisms

- To establish a reconstruction, recovery and development council, taking advantage of the best international experiences
- Strengthen the institutional capacity of the State at the central and local level
Examples of regional and international community efforts to support of Yemen
### First model: Saudi Arabia

- Saudi Arabia is Yemen's biggest supporter and strategic partner in all previous donor conferences.
- Currently, the Central Bank of Yemen supported two billion dollars as a deposit to preserve the local currency.
- Support for the electricity sector with oil derivatives of diesel for one year in the liberated areas.
- Support for reconstruction and economic recovery.
The second model is the overall humanitarian response plan of the coalition

• Arab coalition led by Saudi Arabia announced a plan for comprehensive humanitarian operations in Yemen to support Yemeni legitimacy in January 2018
• Aimed at supporting humanitarian needs in Yemen by $ 1.5 billion.
• Saudi Arabia and the United Arab Emirates offer $ 1 billion
• The rest of the Alliance's role is committed to $ 500 million
Model III: World Bank

- The World Bank's portfolio was $1.2 billion for five emergency projects (labor intensive, cash transfers, health and nutrition, integrated urban services project).
- Preparing the Economic Recovery Plan (blue print document).
- Multi-donor Trust Fund Document.
- Damages and needs assessment
- Holding monthly coordination meetings between the Bank and the Ministry of Planning and International Cooperation
## Model IV – Donors’ Pledges Progress (2012–Untill now)

<table>
<thead>
<tr>
<th>Comments</th>
<th>Disbursed</th>
<th>Signed</th>
<th>Approved</th>
<th>Allocated</th>
<th>Donor</th>
</tr>
</thead>
<tbody>
<tr>
<td>%43.6</td>
<td>2466</td>
<td>%60.1</td>
<td>%91.2</td>
<td>5150</td>
<td>GCC</td>
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<tr>
<td>%36.1</td>
<td>893.795</td>
<td>%94.0</td>
<td>%100.0</td>
<td>2478.5</td>
<td>International and Regional Finance Institutions (IRF)</td>
</tr>
<tr>
<td>%71.0</td>
<td>1254.98</td>
<td>%86.0</td>
<td>%90.7</td>
<td>1602.04</td>
<td>Countries Within Organization for Economic Cooperation and Development (OECD)</td>
</tr>
<tr>
<td>%46.6</td>
<td>4,614.78</td>
<td>%73.21</td>
<td>%93.29</td>
<td>9,231.54</td>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Donor</th>
<th>Allocated</th>
<th>Approved</th>
<th>Signed</th>
<th>Disbursed</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>GCC</td>
<td>5,650</td>
<td>5150</td>
<td>3396</td>
<td>2,466</td>
<td>%43.6</td>
</tr>
<tr>
<td>International and Regional Finance Institutions (IRF)</td>
<td>2,478.5</td>
<td>2,478.5</td>
<td>2,328.9</td>
<td>893.795</td>
<td>%36.1</td>
</tr>
<tr>
<td>Countries Within Organization for Economic Cooperation and Development (OECD)</td>
<td>1,766.6</td>
<td>1,602.04</td>
<td>1,519.44</td>
<td>1,254.98</td>
<td>%71.0</td>
</tr>
<tr>
<td>Total</td>
<td>9,895.10</td>
<td>7,244.54</td>
<td>9,231.54</td>
<td>4,614.78</td>
<td>%46.6</td>
</tr>
</tbody>
</table>
Model IV – Other International & Traditional Donors

• Some Donors Suspended their Development Projects in 2015 and other resumed their activities
• Donors Ready to Express their readiness to resume previous Projects
• Donors re-Allocated their funds to the Humanitarian Efforts
Coordination and Follow-up Committee

A committee was formed by a decision of the President of the Republic to follow up and coordinate with the Saudi side to follow up the support directed to Yemen in the following fields

- The Central Bank of Yemen (CBK) has pledged US $2 billion as a deposit to curb the sharp decline in the currency
- Provision of oil derivatives of diesel and diesel fuel in the liberated areas for one year
- Rehabilitation and restoration of basic services in the liberated areas began on January 1, 2018 in the electricity, water, health, education, roads and transport sectors.
Role of development partners

- Supporting Yemen's efforts in reconstruction and economic recovery
- Support the humanitarian response plan
- Left the suspension on projects funded from previous pledges
- Strengthen coordination and integration of interventions, programs and activities
Thank you for your attention