



Evaluation of EU Cooperation with Yemen 2002-12

Final Report

Executive Summary

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Due to the prevailing security situation in 2014,
this evaluation was undertaken without a field phase on the ground in Yemen

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EXECUTIVE SUMMARY

Introduction

This Final Report presents the findings of the Evaluation of European Union Cooperation with Yemen during the period 2002 to 2012. The evaluation period covers two Country Strategy Papers (2002-06 and 2007-13), four National Indicative Programmes (NIPs)/Multi-Annual Indicative Programmes (MIPs) (2002-04, 2005-06, 2007-10 and 2011-13), and encompasses all main areas of EU development support (governance, economic development, food security, etc.) as well as coherence with other domains (EU humanitarian aid, for instance). This evaluation explores the EU's overall strategic direction and objectives, emphasising the linkages and interplay between political dialogue and development cooperation with particular attention to resilience, responsiveness and state-building in a context of fragility and conflict.

Context of the evaluation

The Republic of Yemen is one of the poorest and least developed countries in the Arab World. Yemen comprises a formal state characterised by political pluralism, elections, a relatively free press and extensive civil society; and an informal state based on patronage and a network of alliances that link tribal sheikhs, government officials, business families and the armed forces, as well as wider regional interests. These factors have contributed to conflict being a major part of Yemen's story. The challenge for government remains reform of the country's governing institutions through combating entrenched corruption and nepotism while maintaining support among tribes and other networks of influence that are accustomed to working within a system of patronage, all the while addressing major socio-economic challenges such as the high population growth rate, declining oil production and revenues, and a high degree of water scarcity.

EU cooperation in Yemen since 2002 has evolved against the backdrop of major EU institutional and organisational changes and a growing EU presence in Yemen. 2011 stands out as a watershed year for this evaluation and the events of that year illustrate several broader issues evident throughout the evaluation period: the influence exerted by personalities; the EU's role as one player among many international actors; the EU's identity as a multilateral actor; the extent to which the EU is properly equipped to perform an effective leadership and coordination role for EU Member States (MS); the relationship between formal and informal channels of influence; and the trade-offs between best practice and pragmatism.

Methodology

We have applied a theory-based approach to the evaluation, using an intervention logic analysis to consolidate all elements of EU cooperation in a single framework that links rationale to strategy, programmes and results. Under each of the Evaluation Question (EQ) headings, we have presented evidence of the contributions that EU cooperation has made in Yemen. We have based our approach on two main building blocks – an analysis of strategy (what was planned, what was realised) and an analysis of programmes (the specific contribution of EU interventions on the ground). The planned field mission to Yemen did not take place due to the prevailing security situation in Yemen in 2014. Nevertheless, in June, July and August the team was able to conduct face-to-face and telephone interviews with a wide range of key informants including EU staff, senior Yemeni government officials, MS representatives, other international agencies, civil society and informed individuals. A particular challenge has been the EU's poor attention to monitoring and evaluation, providing this evaluation with only very limited availability of secondary sources of evidence of the performance and achievements of EU-funded programmes and political engagement.

Summary responses

EU strategic choices on development cooperation strategy have been consistent with the formal strategies and policies of the Government of Yemen. However the EU's comparative advantages have not always been apparent in these choices; and relevance to national priorities and needs has been undermined by a number of weaknesses. These include limited engagement with intended beneficiaries, limited EU understanding of the underlying political settlement, and the lack of contextual analysis at the national, sector and problem levels. Together these factors have facilitated a reliance on unrealistic assumptions about the capabilities and reform intentions of the Government of Yemen and how programmes would contribute to wider strategic and national objectives. Notwithstanding the 2009 recommendations *Towards a Comprehensive EU Approach to Yemen*, there is still no comprehensive strategy that underpins

EU decision making; nor indeed is there any consensus across DEVCO and the EEAS on whether the EU needs one.

EU cooperation has been developed in compliance with contemporaneous EU development policies and Council Regulations, but policy coherence in practice has been weak. This relates largely to weaknesses in EU policy coherence on security, fragility and development and to changes in how Yemen was located in EU policy architecture and organisational arrangements over the evaluation period. This has affected its profile and visibility, prevented access to major funding channels, inhibited strategic planning, and has contributed to poor portfolio management. All CSPs were formulated in close consultation with MS who have recognised EU efforts to encourage cooperation in its focal sectors. Nonetheless, overall donor coordination remains weak, although coordination of political dialogue and diplomacy has improved progressively since 2009. While there is no comprehensive EU strategy, the recent increased emphasis on joint programming signals greater attention to this principle of the Agenda for Change, albeit early experiences on resilience programming have proven challenging.

Since agreement on the OECD-DAC fragile states principles in 2007, EU cooperation has contributed to state-building objectives but not promoted and supported state-building processes in a coherent and consistent manner in relation to international norms. Development cooperation prior to 2009 was not framed by an overarching state-building strategy and it is only in support to the health sector that a state-building approach and results are visible. The 2009 recommendations *Towards a Comprehensive EU Approach to Yemen* were consistent with international norms and recognised the vital relationship between political dialogue and development cooperation. Factors supporting EU promotion and support to state-building have been the gradual though informal percolation of fragility thinking into strategy and programming processes; the commitment and tenacity of staff in the Sana'a Delegation in seeking to address Yemen's fragility; and the leadership provided by the Head of Delegation from 2009 and through the 2011 crisis. Hindering factors relate to weaknesses in organisational coherence on security, fragility and development within and between DEVCO and EEAS; and to contested views within the EU over responsibilities for, and the utility of, political economy analysis.

The EU itself assesses its historical 'resilience portfolio' as having achieved limited impact and with weak sustainability. Resilience as a formal concept is now prominent in plans for future development cooperation in Yemen, but it has arrived formally in EU strategy and programming only very recently and quite suddenly. The EU has actively sought to coordinate its resilience-enhancing interventions and dialogue with MS, currently illustrated by its joint programming of resilience interventions. However, the historical portfolio of resilience-enhancing interventions has been under-evaluated; EUR 54 million of support to food security between 2002 and 2012 has barely been evaluated at all. Attempts to develop a shared understanding and definition of the root causes of fragility and vulnerability have been limited and short-lived. The continued inadequate attention to political economy analysis at sector and problem level means resilience interventions are not designed from an understanding of commodity value chains. There is no clear evidence of a systematic approach to coordination with DG ECHO and treatment of the principles of LRRD during the period, although there are some examples of good practice and coordination improved markedly once both had opened offices in Sana'a.

EU engagement with regional actors and donors has strengthened its cooperation in Yemen, but engagement with the Kingdom of Saudi Arabia needs to be deepened further. The EU identified the Gulf States as important interlocutors in Yemen at the start of the evaluation period, in particular Saudi Arabia. However, fostering more effective EU engagement has taken nearly a decade, in parallel with coordinated efforts by MS. Regular contact between EU, MS and Gulf officials during 2010 formed the basis for more explicit political dialogue the following year, leading to the GCC's crucial role in mediating Yemen's transition agreement with support from the UN, the US, the EU and MS, and to the subsequent creation of the MAF. The EU's regional political engagement is helped by the fact that Yemen and the Gulf States are managed together within the EEAS, but for obvious reasons DEVCO has no aid programme in the Gulf region. Diplomacy and aid pledges that work through formal channels, such as the Friends of Yemen, run in parallel with substantial networks of transnational patronage with which the EU has little or no interface. The Saudis' likely preferences should be central to any future EU analysis relating to resilience and state building, in the context of Yemen's transition to a post-oil economy. In light of the current dynamic situation in Yemen, it remains unclear whether the EU's recent leverage on state-building can be maintained.

The treatment of cross-cutting issues (gender, environment, and civil society) has been patchy, with some issue-specific actions but little evidence of mainstreaming or contribution to results. While the EU

can claim some successes with regard to specific gender actions, it lacks formal cooperation mechanisms or structured cooperation on gender in Yemen. While environmental issues have been prominent in strategy, no specific environmental activities have been programmed and there is no evidence of a mainstreaming approach. Civil society has received prominent attention throughout the evaluation period, particularly in relation to the promotion of good governance, democracy and human rights, but such support has not been provided within the framework of a broader strategy for national capacity development in line with fragile states principles. Guidance and support from DEVCO in Brussels on technical aspects of the CCIs is available from the relevant technical departments, but its use tends more towards procedural compliance than to adding value. The EU has been an active advocate on human rights issues, in which gender issues and civil society engagement have been prominent, particularly during the National Dialogue process. However, this support has not been sufficiently strategic, consistent or coherent to contribute adequately to state-building.

Responsiveness has been significantly enhanced by the presence of a full Delegation in Sana'a, by investment in contextual analysis and by the Delegation's proactivity in pursuing a comprehensive approach. 2009 was a watershed year – the MacDonald/Khalil study predicted regime instability and successive MIPs adopted relevant recommendations; and the 2009 recommendations *Towards a Comprehensive EU Approach to Yemen* provided an explicit mandate for the EU to deepen its political engagement and for development cooperation to focus on basic needs that would be most relevant during acute crisis. However, throughout most of the period of this evaluation, the absence of a clear and shared overarching strategy, underpinned by a theory of change, against which choices can be assessed and evaluated has meant that the complex interplay between formal strategy processes and the exigencies of political engagement have rendered the EU's strategic choices riskier than they might otherwise have been. Further, the majority of programmes and projects have been initiated without any political economy analysis or conflict analysis. Thus, while the choice of programmes has been increasingly responsive and relevant, their detailed design has been less so. The absence of a consistent approach to contextual analysis since 2009, the lack of progress in formalising a comprehensive approach and the current remote location of the Delegation seriously hinder the EU's current and future ability to be responsive.

The EU has been seen historically as out of touch with key regional actors and with the political realities of Yemen, but its standing and political influence increased substantially during 2011 and 2012 due to the Head of Delegation's activist diplomacy in helping to secure the GCC initiative. While the EU was well placed to respond to the political opportunity created by the 2011 youth-led protests and the subsequent political crisis, its institutional readiness was constrained. The EU's reliance on formal politics and formal institutions over much of the evaluation period in part explains the lack of expertise on the dynamics of the informal political settlement, while time-consuming procedures and institutional differences between DEVCO and EEAS have meant that development cooperation has struggled to keep pace with political engagement.

Yemeni officials tend to see the EU as being more neutral than MS and other donors, with a clear comparative advantage in support for human rights. The EU is seen regionally as the most trustworthy of the G10 members, and as having played a helpful role in supporting the transition process, the signing of the GCC initiative, and the National Dialogue process. However, some Yemeni activists see the EU's investment in the GCC initiative, which left all the key regime players in place, as privileging short-term stability at the expense of more radical change.

The overall ambition of EU development cooperation, delivered through the project modality, has exceeded the absorptive capacity of Yemeni authorities over the period of the evaluation. The scoping and calibration of the scale and composition of EU cooperation has not been strategically managed for much of the evaluation period. The range of instruments has been used expediently rather than strategically. Greater synergies between the instruments would have aided complementarity and sequencing. The historical model for project design and the recent shift from decentralised management to partial decentralisation and centralisation or joint management is still unfit for purpose. Weak absorption capacity in government departments and agencies through which EU cooperation has been channelled over long periods points to design processes which have not taken sufficient account of a longer-term capacity building perspective.

The deployment and management of human resources have been inadequate to deliver to the EU's strategic objectives in Yemen. Efficiency and effectiveness have been undermined by complexities and inflexibilities of EU development cooperation procedures, insufficient attention to the impact of Yemen's

fragility on staff and programmes, such as the staffing and workload required to build and maintain effective relationships; insufficient investment in evaluation, knowledge management and institutional memory; and the absence of a strategic approach to capacity development and technical assistance. Nonetheless we note the impact of several highly committed individuals in the Delegation who have worked hard to understand local needs, build relevance, satisfy internal demands, overcome EU inconsistencies and achieve coherence. The presence since 2009 of a fully staffed Delegation in Sana'a delivered immediate benefits, allowing the EU to intensify dialogue with the government beyond just projects. The challenge to support active engagement and learning looks more intimidating in the context of current remote management arrangements and the scaling up DEVCO's portfolio.

Conclusions

C1. EU cooperation has contributed to state-building and resilience with some success in a very challenging context, but overall results have been mixed and sustainability has in many instances been weak. Longstanding support in the health sector offers a successful example of state-building work at the local level and has contributed to resilience through access to basic services. EU political engagement was instrumental in mediating Yemen's transition agreement and in supporting the National Dialogue. EU support for social protection and food security has contributed to greater resilience of poor households and to strengthened capacity for delivery, but these achievements have been undermined by aspects of weak programme design and by beneficiary-targeting problems. Support to private sector development has delivered some impact to direct beneficiaries, but links to strategic objectives for economic growth and poverty reduction have been weak and sustainability has been generally poor. Across all sectors, the absence of a strategic approach to capacity development has weakened sustainability. Recent improvements in programme design quality strengthen prospects for results and sustainability, but the deteriorating security situation presents major risks.

C2. Strategy design and its implementation has been weak for much of the period of this evaluation, with limited evidence of shared strategic thinking (within and between DEVCO and the EEAS) to build and manage coherence and be responsive to context. Under the first CSP (2002-06) strategy and programmes were based on unrealistic assumptions and insufficient analysis, while the strategic coherence and consistency of the portfolio was not actively designed or managed. Programmes were not adequately monitored or evaluated, poor performance was not adequately addressed and EU cooperation strategy as a whole has never been independently or rigorously evaluated. Although the quality of strategy improved from 2007, and a much more reflective and responsive strategic stance is evident from 2009, the lag between strategy and programming has meant that many of the weaknesses of strategy implementation under the 2002-06 CSP were carried forward into the second strategy period. The significant improvement in the quality of programming since 2010, with its sharper focus on state-building and resilience, has yet to feed through substantially into strategy implementation.

C3. At both strategy and programming levels there has been a de facto lack of senior management engagement with results and accountability. This has allowed EU cooperation in Yemen to be significantly under-evaluated and has led to a lack of clarity and transparency in the rationale for programming decisions. The absence of a shared understanding and narrative between the Delegation, DEVCO and the EEAS about the strengths, weaknesses and lessons of EU cooperation has undermined effectiveness, impact and sustainability as well as value for money. This country evaluation and the increased number of programme evaluations ongoing or recently completed together signal a revived interest in results; but DEVCO and the EEAS will need to strengthen accountability and learning loops if this is to translate into improved results-based-management of EU cooperation in Yemen.

C4. The EU has not invested sufficiently in contextual analysis and this deficit continues to expose EU cooperation to significant risks. The 2009 McDonald/Khalil study demonstrated the importance and utility of contextual analysis; the study has been influential in guiding strategic thinking and programming since then. However, historically insufficient attention to, and investment in, contextual analysis (including political economy analysis, conflict analysis and fragility assessment), has undermined relevance and responsiveness. In particular, fragility thinking has percolated only slowly into strategy and programming processes. Although the importance of such analysis is now recognised, confusion between DEVCO and EEAS over responsibility for its conduct and inconsistent application across the development cooperation portfolio continues to undermine the EU's ability to be relevant, responsive and effective. The continued

lack of attention to sector- and problem-level analysis presents risks to the relevance and feasibility of the resilience and security sector-reform programmes currently in the pipeline.

C5. When equipped with the basis of a comprehensive strategy, the EU has been more influential, responsive and effective in Yemen. For most of the period of this evaluation – and currently – there has not been a comprehensive strategy that links the political, development and regional dimensions of EU cooperation in Yemen. The 2009 document *Towards a Comprehensive Approach* formed the basis of a coherent strategy, underpinning diplomacy during 2011 and strengthening EU profile, influence and responsiveness. It provided a strong example of emergent strategy in the field of EU political dialogue, much of which remains relevant today – despite the fact that it has not since been updated. Current initiatives could be better framed within the context of such a comprehensive strategy.

C6. EU Co-operation with Yemen has suffered from the institutional disconnects within and between DEVCO and the EEAS and by the well-documented inflexibilities of EU instruments and programming processes and practices that have in general been poorly suited to the particular context of Yemen and the capabilities present there. Despite the priority given to fragile states in the Agenda for Change, Yemen has had a low profile and priority in Brussels. Its isolation within the EU system has inhibited effective oversight, and affected the coherence of the EU's response. Taken together, Yemen's multiple problems – a declining resource base, a growing population, an unstable government and a deteriorating security environment – pose a formidable policy challenge with few easy solutions. Yet this is precisely why sustained high-level engagement in Brussels is necessary.

C7. An effective Delegation is vital to the effectiveness of EU cooperation; its resourcing, location and organisational strength has not been effectively calibrated to the ambitions and realities of EU cooperation in Yemen. The Delegation functions as a network node and is the only piece of the EU institutional jigsaw that is able to understand local needs, build relevance, satisfy internal demands, overcome any EU inconsistencies and achieve coherence. Over the period of this evaluation, the EU has not adequately resourced, directed or supported its Delegation to fulfil this necessary role. Neither has it engaged sufficiently in scenario planning or business continuity planning as part of the strategy formulation process. The EU's reliance on a predominantly international team has exacerbated the negative impacts of insecurity on operations and relationships, more than would have been the case with a stronger and more senior cadre of national staff.

Recommendations

These recommendations are presented as a package and flow in a logical sequence. If the package as a whole is not implemented, then the top three priorities should be, in order, R2, R3 and R6.

R1. The senior management of DEVCO and EEAS should agree and communicate a clear leadership position on the shared priority that they accord to Yemen. This leadership position should clarify expectations with regard to the formulation and implementation of a comprehensive approach by the EU and MS; should include a decision on Yemen's location within EU organisational and funding structures in a manner that better reflects its needs and priority. Recognising the grave implications of Yemen's transition to a post-oil economy within the context of an increasingly polarised Middle East, consideration should be given to putting Yemen under 'special measures' within EU structures, bypassing in the short term the complications inherent in relocating Yemen in the EU's legal framework for cooperation. Senior management should be proactive in following up on progress in delivering to this leadership position.

R2. The senior management of DEVCO and EEAS should require and support the development of a comprehensive strategy for EU and MS in Yemen, consistent with the 2013 Joint Communication on the EU's comprehensive approach to external conflicts and crises. In the first instance the Delegation should revisit and update the 2009 recommendations on moving towards a comprehensive EU approach to Yemen. The updated recommendations should include a plan for formulating a comprehensive strategy by 2016, within which there should be greater emphasis on joint programming with MS and other donors. DEVCO and EEAS should actively track progress and achievements against these recommendations through the EAMRs.

R3. The senior management of DEVCO and EEAS should ensure a significantly increased investment in, and use of, contextual analysis and evaluation at national, sector and problem levels. Initially they should provide a clear statement on their shared expectations for contextual analysis and evaluation, clarifying organisational arrangements for the commissioning and use of both. These

arrangements should allow for the outsourcing of contextual analysis studies but should ensure its systematic use by EU officials as an integral part of their respective roles in political engagement and development cooperation. Within the parameters set by senior management, the Delegation should invest further in these areas, building up a body of analysis and evidence to strengthen the relevance, responsiveness and accountability of EU cooperation and to contribute to more sustainable institutional expertise in fragility. The approach should include the pooling of analysis and the conduct of joint evaluations with MS. Where possible, it should seek to draw on and build national capacity for the same. It should also explore the scope for strengthening beneficiary feedback in contextual analysis and evaluation, to better inform analysis and findings and to strengthen downwards accountability.

R4. The Delegation, with the support of EEAS and DEVCO services in Brussels, should develop an organisational strategy to strengthen the Delegation's capability to play its central role in delivering and coordinating EU dialogue, action and support. This should include concrete proposals on the Delegation's interim location pending its return to Sana'a. Co-location in a regional Delegation should be considered, possibly within a GCC member country. The strategy should also include plans for team-building, skills development and knowledge management within the Delegation and with relevant services in Brussels. The approach to knowledge management should recognise Delegation staff knowledge as an institutional resource, and strengthen contact management across the range of political engagement and development cooperation activities. The Delegation should adopt a strategic approach to the recruitment of senior national staff in Yemen (whether in a Sana'a-based Delegation or technical office under a regionally-based Delegation) so that operations and relationships can be managed more consistently even under the kind of conditions which currently prevail. DEVCO and EEAS should actively track progress and achievements against the strategy through the EAMRs, paying particular attention to the adequacy of Delegation resources and capability to deliver to the full range of demands of a comprehensive approach.

R5. The Delegation should develop a set of principles for national capacity development consistent with the New Deal. The principles should inform strategy, programming and ensure that the choice of management arrangements is explicitly framed by state-building considerations, with an emphasis on the evolving dynamics of the political settlement. The principles should require explicit recognition of the trade-offs between long-term state-building considerations and the shorter-term imperative to meet human needs. National capacity development should become a cross-cutting issue for systematic treatment in all Results-Oriented Monitoring missions and in all strategy and programme evaluations. The principles should be endorsed by DEVCO senior management. The Delegation should review the principles and their application as part of country evaluations and strategy mid-term reviews.

The strategy should include: a clear position on the most appropriate mix of international and national Delegation staff; a long-term plan for building capacity in government to facilitate and coordinate EU support; a long-term plan for building capacity in local NGOs to design and manage EU-funded projects, including through partnerships with international NGOs; and explicit treatment of the trade-offs between the exigencies of meeting basic human needs in the short term and building national capacity in the longer term in line with fragile states principles.

R6. Current development programmes, including those under preparation, should each be reviewed for their conflict sensitivity. Where design weaknesses are identified as a result, these should be addressed by mitigation measures in the case of current programmes, or re-design in the case of programmes under preparation. Assessments of conflict sensitivity should include attention to commodity value chains and procurement channels. In order to capture the interaction between project and context, conflict sensitivity should also be built into the monitoring and evaluation arrangements for all development cooperation programmes, drawing on the experience and tools that already exist in global best practice and among EU implementing partners.