

ANNEX 2
DETAILED INFORMATION ON CONSULTATIONS

Following is a detailed list of consultations conducted in the context of IRDPG preparation, including – where available – date, location, invitation, lists of invitees and participants, topics discussed, and the nature and language of background materials used.

For privacy reasons, the names, titles, and contact information of meeting invitees and participants have been removed from the public version of this document (this information has been replaced with "--"). A complete list of names will be made available to the Inspection Panel.

A. Consultations during preparation of the IRDPG

(1) Identification Mission, December 16-18, 2006

The mission team held individual meetings with key stakeholders to discuss and inform the overall design of the IRDPG. Country Office staff arranged these meetings individually by telephone.

Date	Stakeholder	Location
Saturday 12/16/2006	--, Cultural Development Programs Planning Foundation office	Sana'a, Hadda Area near complex of Ministries
Saturday 12/16/2006	--, Member of Parliament, Finance Committee	World Bank Office, Sana'a
Sunday, 12/17/2006	--, Al-Farouq Consultancy Establishment	World Bank Office, Sana'a
Sunday, 12/17/2006	--, Socialist Party	Socialist Party Office, Sana'a
Sunday, 12/17/2006	--, Human Rights, Liberties & Civic Organizations Committee Consultative (Shura) Council	Shura Council Building, Sana'a
Monday, 12/18/2006	--, Civic Democratic Foundation	CDF Office, Hadda Road, Sana'a

(2) Appraisal Mission, March 24-28, 2007

The mission team held formal consultations with non-governmental organizations (March 26, 2007) and Parliamentarians (March 27, 2007). The team attempted to consult with academics as well, but no one attended the meeting despite several who confirmed their participation.

The Country Office extended invitations to these consultations by telephone. The draft IRDPG policy matrix was discussed at each consultation.

The mission also held an individual meeting with the General Manager of the Federation of Chamber of Commerce, on March 24, 2007, at the Taj Sheba Hotel in Sana'a.

Interactions with private sector counterparts were continuous in the context of the 2006 Investment Climate Assessment as well as the IRDPG's corporate income tax component (see Section B1 below).

(i) **IRDPG NGO Consultation: World Bank Office, Sana'a, March 26, 2007**

Invitees	Attended?
--, Charitable Society for Social Welfare	No
--, Cultural Development Programs Planning Foundation	No
--, Civic Development Foundation (CDF) and Sister's Arab Forum ¹	No
--, Al-Saleh Social Foundation for Development	No
--, Yemeni Women Union	No
--, Women Economic Empowerment	Yes
--, Al-Farouq Consultancy Establishment	No

(ii) **IRDPG Parliament Consultation: World Bank Office, Sana'a, March 27, 2007**

List of Confirmed Participants
--, Member of Parliament and Finance Committee
--, Member of Parliament and External Affairs Committees
--, Member of Parliament and External Affairs Committees
--, Member of Parliament and Human Rights and Liberties Committee
--, Member of Parliament
--, Member of Parliament and Human Rights, Liberties & Civic Organizations Committee/Consultative Council
--, Member of Parliament

B. Sectoral consultations underpinning the design of each component

(1) Corporate Income Tax Reform

The design of the corporate income tax reform component of the IRDPG was informed in part by work conducted by the Foreign Investment Advisory Service (FIAS)² in reviewing Yemen's corporate income tax system and its effects on private investment. Two missions were conducted in 2007, one in January and one in May. Various non-government stakeholders, particularly from the private sector, were consulted during both of these missions.

(i) **First FIAS Mission on Corporate Income Tax Reform, Sana'a and Aden, January 20-28, 2007**

The mission team held individual meetings with key non-government stakeholders (especially from the private sector) to discuss and inform the review of Yemen's corporate income tax system. Country Office staff arranged these meetings individually by telephone.

¹ This person is also a member of the Advisory Committee for the Yemen Observatory for Human Rights.

² FIAS is managed by the International Finance Corporation (IFC) and supported by the Multilateral Investment Guarantee Agency (MIGA) and the World Bank (IBRD).

Name	Date	Position	Organization	Location
--	20-Jan		Apex Consulting	Sana'a
--	20-Jan	--	Teshreen Labs.	Sana'a
--	20-Jan		Movenpick Hotel Sana'a	Sana'a
--	20-Jan		Thani Dubai Mining Company	Sana'a
--	21-Jan	--	Shihab Insurance and Trading Agencies (Yemen) Ltd.	Sana'a
--	21-Jan	--	Najeeb Accounting Office	Sana'a
--	21-Jan	--	Al-Fares for Trad. And Agri.	Sana'a
--	21-Jan		Shammr Hotel and Suites	Sana'a
--	21-Jan	--	Al Kaboos Group	Sana'a
--	22-Jan		Deloitte	Sana'a
--	22-Jan		Businessmen Club	Sana'a
--	22-Jan	--	General Agriculture Cooperative-BMO	Sana'a
--	22-Jan		Yemen Islamic Insurance Co.	Sana'a
--	22-Jan	--	Zinc Ox Resources PLC	Sana'a
--	23-Jan		Seba Farms	Sana'a
--	23-Jan	--	Cooperative and Agriculture Credit Bank CAC	Sana'a
--	23-Jan	--	Yemen Commercial Bank	Sana'a
--	23-Jan	--	Al Kuraimi Exchange Co.	Sana'a
--	23-Jan	--	Al-Sonadar Group	Sana'a
--	23-Jan	--	Universal Group	Sana'a
--	23-Jan	--	Al Ashtal Group	Sana'a
--	23-Jan	--	Marble and Granite Association	Sana'a
--	24-Jan	--	United Insurance	Sana'a
--	24-Jan	--	Bin Madan	Aden
-- / --	24-Jan	--	Sheraton Gold Mohur, Aden	Aden
--	24-Jan	--	TAJ Kenya Blaza	Aden
--	24-Jan	--	Al-Rawhani Marble and Granite Factory	Sana'a
--	24-Jan			Sana'a
--	27-Jan	--	KPMG	Sana'a
-- ³	27-Jan		Bazara Travel and Tourism	Sana'a
--	28-Jan	--	Al-Rawhani Marble and Granite Factory	Sana'a

³ This person is also a member of the Advisory Committee for the Yemen Observatory for Human Rights.

(ii) *Second FIAS Mission on Corporate Income Tax Simplification, Sana'a, May 2007*

As a follow-up to its January review of Yemen's corporate income tax system, IFC and FIAS conducted a workshop on corporate income tax reforms on May 19, 2007, in Sana'a. The goal of the workshop was to review the findings of the tax system review conducted in January 2007 and discuss the role of tax policy in fostering economic growth in Yemen.

Many non-government stakeholders attended the workshop, particularly from the private sector. The workshop invitation and list of invitees and participants are included below.

Workshop invitation (translated from the Arabic): FIAS workshop on corporate income tax reform, Sana'a, May 2007

May 2, 2007

To:
Mr.
Fax Number:



Invitation to attend a workshop on tax reforms Planned Saturday, May 19, 2007 at the Office of the Tax Authority - Sana'a

International Finance Corporation is pleased to invite you to attend the workshop on Tax Reforms in Yemen. The workshop will be held in the Office of the Tax Authority (Large Taxpayers building) in Sana'a on Saturday, May 19, 2007 at 10:30. The objective of the workshop is to review the findings of the report from the World Bank, which was the result of the visit of the Foreign Investment Advisory Services FIAS's in January 2007.

This Mission has come to work in Yemen at the invitation of the Yemeni government to study the effects of the tax system on growth in Yemen. This comes in the context of a broader program of support offered to Yemen by the World Bank in order to improve the investment climate. This project is provided through a joint financing in collaboration with the British Ministry of Development (DFID).

We are honored by your presence in this event. To confirm your attendance, please mark one of the boxes below and re-send this invitation to this Fax No. 413743

My Regards,
Sa'd Sabrah
Resident Representative

Confirmation	
Yes, I will attend	<input type="checkbox"/>
I will not attend, but I will send a representative to attend on my behalve (Kindly put name and contact information of the person you are naming bellow:)	
Name:	_____
Phone:	_____
Fax	_____
I will not be able to attend	<input type="checkbox"/>

List of invitees and participants: FIAS workshop on corporate income tax simplification, Sana'a, May 2007

Name	Position	Organization	Invited?	Invitation Sent?	Confirmed?
Business					
--	--	Shihab Insurance and Trading Agencies (Yemen) Ltd.	Yes	Yes	
--	--	Businessmen Club	Yes	Yes	Yes
--		Businessmen Club			Yes
--		Businessmen Club			Yes
--		Businessmen Club			Yes
--		Businessmen Club			Yes
--	--	Al Kaboos Group	Yes	Yes	Yes
--	--	Thabet Group	Yes	Yes	
--	--	Mutarreb	Yes	Yes	
--	--	Al-Sonadar Group	Yes	Yes	
--	--	Al Kuraimi Exchange Co.	Yes	Yes	
--	--	Al Ashtal Group	Yes	Yes	
-- ⁴		Bazara Travel and Tourism	Yes	Yes	
--	--	Al-Rawhani Marble and Granite Factory	Yes	Yes	
--	--	Al-Gharasi Group	Yes	Yes	Yes
Financial Services					
--	--	Cooperative and Agriculture Credit Bank CAC	Yes	Yes	Yes
--	--	Yemen Commercial Bank	Yes	Yes	Delegated
--	--	Yemen Commercial Bank			Yes
--	--	Deloitte	Yes	Yes	Yes
--	--	KPMG	Yes	Yes	Yes
--	--	Yemen Islamic Insurance Co.	Yes	Yes	Delegated
--		Yemen Islamic Insurance Co.			Yes
--	--	United Insurance	Yes	Yes	Delegated
--	--	United Insurance			Yes
Business Membership Organizations					
--	--	General Agriculture Cooperative	Yes	Yes	Yes
--	--	Marble and Granite	Yes	Yes	Yes

⁴ This person is a member of the Advisory Committee for the Yemen Observatory for Human Rights.

Name	Position	Organization	Invited?	Invitation Sent?	Confirmed?
		Association			
SMEs					
--	--	Teshreen Labs.	Yes		
--	--	Al-Fares for Trad. And Agri.	Yes	Yes	
Academics					
--	--	Sana'a University	Yes		
--	--	Sana'a University	Yes	Yes	
--	--	Sana'a University	Yes	Yes	
Government					
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Federation of Yemen Chambers of Commerce and Industry	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Delegated
--	--	Ministry of Finance			Yes
--	--	Federation of Yemen Chambers of Commerce and Industry	Yes	Yes	
--	--	Federation of Yemen Chambers of Commerce and Industry	Yes	Yes	Yes
--	--	Free Zone Authority	Yes	Yes	No
--	--	General Investment Authority	Yes	Yes	Delegated
--	--	General Investment Authority			Yes
--	--	Chamber of Commerce and Industry	Yes	Yes	Yes
--	--	Chamber of Commerce and Industry			Yes
--	--	Ministry of Oil and Minerals	Yes	Yes	Delegated
--	--	Ministry of Oil and Minerals	Yes		Yes
--	--	Ministry of Agriculture and Irrigation	Yes	Yes	Yes
--	--	Ministry of Fisheries Wealth	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes

Name	Position	Organization	Invited?	Invitation Sent?	Confirmed?
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Ministry of Finance	Yes	Yes	Yes
--	--	Shoora Council	Yes	Yes	
--	--	House of Parliament	Yes	Yes	
--	--	Small & Micro Enterprises Development	Yes	Yes	Delegated
--	--	Small & Micro Enterprises Development			Yes
--	--	Ministry of Trade and Industry	Yes	Yes	
Development Organizations					
--		U.N. Development program (U.N.D.P)	Yes	Yes	No
--		USAID	Yes	Yes	
--		EU	Yes	Yes	
--		DFID	Yes	Yes	Yes
--		DFID			Yes
--	--	GTZ	Yes	Yes	Yes
--		World Bank			
--	--	U.S. Embassy- Sana'a, Yemen			
--	--	FIAS			Yes
--	--	FIAS			Yes
--		FIAS			Yes
--		FIAS			Yes
--	--	IFC	Yes	Yes	Yes
--		IFC	Yes	Yes	Yes
--		World Bank	Yes	Yes	Yes
--		World Bank	Yes	Yes	Yes

(2) Land Registration

The work of the Land Policy Task Force was informed by two workshops, held in Sana'a on February 20-21, 2005, and on September 18, 2005.

(i) *Workshop on Urban Land Policy and Administration in Yemen, February 20-21, 2005*

The goal of the February 2005 workshop was to develop a common understanding of the issues and challenges facing State land management and land registration in Yemen, and to develop an action plan to operationalize recommendations and follow-up interventions. The workshop included presentations in Arabic on land policy, state land management, and legal framework reform.

Materials included presentations delivered verbally and as handouts in Arabic. Prior to the workshop, key chapters of the draft Land Policy Note (executive summary, chapter on land registration law analysis and improvements, and an extensive recommendations chapter with an action plan) were disseminated in Arabic to the workshop attendants. These documents facilitated and enriched the discussion.

The workshop invitation, agenda, list of invitees, list of participants, and proceedings are provided below.⁵

⁵ The invitation refers to the original workshop date of February 19-20, 2005; the meeting was postponed due to an emergency meeting that several confirmed participants needed to attend.



Republic of Yemen



World Bank

Dear Sir,

Subject: Urban Land Policy and Administration in Yemen

The Ministry of Planning and International Cooperation and the World Bank invite you to a two-day workshop on Urban Land Policy and Administration in Yemen. The meeting will include presentations on the key issues in land policy, land registration and State land management in Yemen. The goal of the workshop is to develop a common understanding of the issues and challenges facing State land management and land registration in view of improving security of land tenure/ownership for Yemeni citizens and investors as well as the business enabling environment for growth. The workshop will conclude with the development of an action plan to operationalize the recommendations and follow up interventions.

The workshop will take place on February 19-20, 2005 at the Taj Sheba Hotel from 8:30 a.m. to 1:30 p.m. Please find attached the workshop agenda. We look forward to your participation and active engagement in this important endeavor.

Best regards.

Mr. Ahmed Mohamed Sofan

Deputy Prime Minister,
Minister of Planning and International Cooperation

Mr. Mustapha Rouis

Country Manager
World Bank

Attachment: workshop agenda

Workshop agenda: Urban Land Policy and Administration Workshop, Sana'a, February 20-21, 2005

**Workshop on Urban Land Policy and Administration in Yemen
February 20-21, 2005**

Location: Taj Sheba Hotel, Sana'a

Land in Yemen is a critical resource for economic growth and development. Yet access to land (for both non-residential/investment and residential use) represents one of the key obstacles to growth as well as to poverty alleviation due to high risk and transaction costs resulting from unclear, unenforceable property rights.

The Government of Yemen and the World Bank are hosting an important 2-day workshop in Sana'a of key stakeholders in land policy and administration issues, accompanied by international land experts. During the meeting, key issues related to land registration and State land management in Yemen will be discussed. Our goal is to develop a common understanding of these issues and challenges facing State land management and security of land tenure/ownership for Yemeni citizens and investors. The meeting will include presentations on the key issues in land policy, land registration and State land management in Yemen followed up by discussion of points raised by the participants.

The thematic outline of a set of key questions that should be answered and elements of an action plan answering them through research with support from the World Bank will be drafted by the conclusion of the meeting. The draft outline will be subsequently forwarded to land stakeholders who have participated in the workshop. The subsequent research work is expected to be carried out with the assistance of the World Bank and in close cooperation of the Government of Yemen. The results of this work will be presented at a later workshop. The draft outline and the research work are expected to serve as the basis for potential follow-up interventions to be decided by the Government of Yemen with support from the World Bank.

Day 1:

08:00-08:30	Registration of participants and light breakfast (coffee, pastries)
	Session 1:
08:30-09:00	Introduction to the study highlighting the significance of land as an economic asset Dr. Mohamed Al-Sabri, Deputy Minister of Planning and International Cooperation
	Objectives: (i) present the study plan and timeline; (ii) present key issues related to land (why land?, land and the investment climate, a comparative perspective)
	Session 2:
09:00-10:00	State land management in Yemen: issues and challenges
	Format: 30mn presentation by Sameh Wahba, followed by 30mn moderated discussion, followed by 30mn discussion of potential areas of recommendations
	Objectives: (i) present key issues/challenges against international/regional standards and validate data; (ii) reach consensus on what are the key issues/challenges and priorities
10:00-10:30	Coffee break
	Session 3:
10:30-11:30	Reforming the legal framework for land registration: Key issues and international best practice

	Format: 30mn presentation by John Bruce, followed by 30mn discussion Objectives: (i) present World Bank experience in the land sector; (ii) present best practices in the sector including experience of Arab countries; (iii) discuss the adaptability and relevance of global experience and best practices to the Yemeni context; (iv) discuss key issues in the proposed draft land registration law in Yemen
11:30-12:00	Break
	Session 4:
12:00-1:00	Land registration and land administration in Yemen: Assessment of current situation, framework and key issues Format: 30mn presentation by Bijan Azad, followed by 30mn discussion Objectives: (i) present key issues/challenges against international/regional standards and validate data; (ii) reach consensus on what are the key issues/challenges and priorities; (iii) establish government and stakeholder priorities; (iv) seek high-level government commitment to tackling land issues/challenges
1:00	Lunch

Day 2:

	Keynote Speech:
08:30-09:00	Keynote Opening Speech HE Ahmed Mohamed Sofan, Deputy Prime Minister, Minister of Planning and International Cooperation
	Sessions 5-6:
09:00-10:00	Land registration, land administration and State land management: potential areas of improvement and recommendations Format: 40mn presentation by Bijan Azad and Sameh Wahba, followed by 20mn moderated discussion Objective: (i) propose potential areas and specific recommendations for improvement of land registration, land administration and State land management
10:00-10:30	Coffee break
	Session 7:
10:30-12:30	Recommendations for potential areas of improvement: participatory formulation of priorities and next steps Format: Moderated discussion by Mohamed Al Sabbry and Sameh Wahba Objective: (i) discuss and confirm recommendations and priority improvements of land administration and State land management; (ii) participatory formulation of agenda and next steps
12:30-1:00	Summary of agreed next steps and closing remarks Format: Presentation by Yehia Al Doud Objectives: (i) establish land task force; (ii) assign responsibilities and set timeline for next actions
1:00	Lunch

Workshop invitees: Urban Land Policy and Administration Workshop, Sana'a, February 20-21, 2005

Name	Position / Organization
1. --	--, Ministry of Planning and International Cooperation
2. --	--, Ministry of Planning and International Cooperation
3. --	--, Ministry of Planning and International Coop.
4. --	--, Ministry of Public Works and Highways
5. --	--, Carrefour
6. --	--, Lawyers Syndicate in Sanaa
7. --	--, Commercial Court
8. --	--, Commercial Appeals Court
9. --	--, Ministry of Legal Affairs
10. --	--, Survey Authority and Land Registry (SALR)
11. --	--, SALR
12. --	--, SALR
13. --	--, State Land and Real Estate Authority (SLREA)
14. --	--, SLREA
15. --	--, West Sanaa Primary Court
16. --	--, Supreme Judicial Council
17. --	--, Ministry of Justice
18. --	--, Supreme Court
19. --	--, Services Committee, House of Representatives
20. --	--, Development Committee, House of Representatives
21. --	--, Constitutional Affairs Committee, House of Representatives
22. --	--, Registration Affairs, Ministry of Justice
23. --	--, Yemeni Center for Arbitration
24. --	-- Investment Projects, Ministry of Awqaf
25. --	--, Development Committee, House of Representatives
26. --	--, Federation of Yemen Chambers of Commerce and Industry
27. --	--, East Sanaa Primary Court
28. --	Lawyer
29. --	Private sector investor
30. --	--, Shamel Bank, private sector investor
31. --	--, Hadda area
32. --	--, Green City residential development in Aden
33. --	Judge in Lahj Governorate
34. --	--, Green City residential development in Aden
35. --	--, Housing Bank
36. --	

Workshop participants: Urban Land Policy and Administration Workshop, Sana'a, February 20-21, 2005

Name	Position / Organization
1. --	--, Ministry of Planning and International Cooperation
2. --	--, Services Committee, House of Representatives
3. --	--, Development Committee, House of Representatives
4. --	--, State Land and Real Estate Authority (SLREA)
5. --	--, Survey Authority and Land Registry (SALR)
6. --	--, Ministry of Planning and International Cooperation (MOPIC)
7. --	--, Ministry of Finance
8. --	--, Investment Projects, Ministry of Awqaf
9. --	--, Registration Affairs, Ministry of Justice
10. --	--, West Sanaa Primary Court
11. --	Judicial Control/Monitoring
12. --	--, Commercial Court, Sana'a
13. --	--, SALR
14. --	--, SALR
15. --	--, SLREA
16. --	--, MOPIC
17. --	--, Tax Authority. Ministry of Finance
18. --	--, Control/Monitoring Department, Tax Authority, Ministry of Finance
19. --	Lawyer
20. --	--, Sheikh Tariq Abdullah Law offices
21. --	Private sector investor, Member of Chamber of Commerce, Sana'a
22. --	--, Al Hamadani for Commerce and Real Estate Investment
23. --	--, Hadda area
24. --	--, Ministry of Legal Affairs
25. --	Lawyer, Member of the Lawyers' syndicate in Sana'a
26. --	Technical Office. MOPIC
27. --	--, Islamic Bank of Yemen
28. --	--, Islamic Tadamon Bank
29. --	--, Yemen and Kuwait Bank
30. --	--, Yemen Bank for Construction and Urbanization
31. --	--, Hafez Fadel Law office
32. --	--
33. --	--, Federation of Chambers of Commerce
34. --	--, West Sana'a Court
35. --	--, Yemen Businessmen Club
Media	
36. --	--, Al Raie Al Aam newspaper
37. --	--, Al Abhar newspaper
38. --	--, Al Mo'tamar Net site
39. --	--, Al Thawra Newspaper
40. --	--, Federation of Chambers of Commerce

Name	Position / Organization
41. --	--, Sana'a Broadcasting
42. --	--, Sana'a Broadcasting
43. --	--, Al Hokm newspaper
World Bank team	
44. --	--, MNSIF
45. --	--, LEGEN
46. --	--, MNSIF
47. --	--, MNSIF
48. --	--, Yemen Country Office
49. --	--, Environmental Engineer

**Workshop on Urban Land Policy and Administration in Yemen
February 20-21, 2005**

Introduction: workshop objectives

The Government of Yemen, in collaboration with the World Bank, organized a workshop on urban land policy and administration in Yemen, which was on February 20-21, 2005 under the sponsorship of the Deputy Prime Minister, Minister of Planning and International Cooperation. The workshop brought together key public, private and civil society stakeholders involved in urban land policy and administration issues, accompanied by international land experts.

The objectives of the workshop were to:

- Develop a common understanding of/reach consensus on the key issues and challenges facing urban land administration, land registration and State land management in Yemen, and establish government and stakeholder priorities
- Develop a common understanding of and establish initial consensus on potential recommendations and key areas of improvement of urban land administration, land registration and State land management in Yemen
- Obtain high-level government commitment to tackling land issues and challenges
- Establish consensus on the next steps and prepare an action plan to operationalize the workshop recommendations

Workshop organization and proceedings:

The workshop was organized along three main axes:

- (i) State land management
- (ii) Legal framework governing land registration
- (iii) Urban land administration and land registration

The first day of the workshop included presentations on the key issues in land registration and administration, the legal framework governing land registration and State land management in Yemen followed up by moderated discussions amongst the stakeholders to confirm/validate and establish consensus on issues and priorities. The second day included presentations of potential recommendations and key areas of improvement of land administration and management, which were followed by moderated discussions amongst stakeholders to confirm/validate preliminary recommendations and establish consensus on priority areas of improvement, as well as develop an action plan for the next steps. It was agreed to establish a Land Policy Task Force (LPTF) to maintain a high-level dialogue on urban land policy and administration issues in Yemen among key stakeholders after the workshop. The LPTF would validate/confirm initial findings, address gaps in knowledge of policy, legal and procedural issues and opinions, and facilitate advancement to the next stage of outlining key areas for intervention and policy options.

Thematic discussions of key issues and recommendations:

(i) State Land Management:

The presentation highlighted the key issues and problems affecting State land management in Yemen, namely:

- Lack of a consolidated institutional framework for allocating State land, in the sense that multiple government entities have in the past allocated State lands. In addition, there is a lack of systematic and transparent mechanisms to allocate State land, which have both resulted in a chaotic distribution of State lands especially in Southern cities. In Mukalla, the lands distributed in 1990-1999 could accommodate two times the current population. The problem in Aden is of a similar magnitude. Most of these lands remain undeveloped today. In addition, the lack of market-based allocation mechanisms (i.e. auctions) and the reliance on administrative allocation (i.e. direct allocation to individuals or based on lists) results in the inefficient allocation of State land.
- Legal ambiguity of State lands as defined in the State Lands and Real Estate Law No.21 of 1995 (especially marahek, i.e. mountain slopes channeling rainfall, and the coastal cities' urban expansion areas), which has resulted in many ownership conflicts with private and tribal claimants;
- Lack of a comprehensive and accurate inventory of State lands and lack of means to undertake it;
- Inability to preserve State Lands from encroachment and speculation;
- Lack of updated land use plans in cities, lack of mechanisms to implement and enforce master/detailed plans, lack of strategies for sustainable use of State Lands;
- Lack of systematic and transparent methods for valuing State land; and
- Lack of strategic framework for leveraging State land to achieve economic development objectives.

Preliminary recommendations were presented, focusing on the key areas of improvement:

- Consolidation of the institutional framework for the allocation of State-owned lands by centralizing disposition/custodianship at SLREA (as per the existing Law) based on the recommendations of GIA (for investment lands) and GLC (for non-investment lands);
- Switch from administrative allocation to dispose of State-owned land (through direct individual or list-based allocation) to market-based allocation (through auctions);
- Disposition of State-owned land (for investment, market housing, and commercial/non-investment uses) at market prices, which would eliminate speculation incentives and market/allocation distortions, allow to recover the costs of service delivery;
- Revision of the State Land and Real Estate Law of 1995 taking into account the abovementioned recommendations; and
- Completion of the inventory and registration of State-owned land (and real estate) assets.

Workshop participants agreed that the diagnostic presented was accurate and comprehensive and constituted a major problem that affected social stability and had negative effects on economic growth and the investment climate. Emphasis was placed on the need to develop transparent mechanisms for the allocation and valuation of State lands. Emphasis was also placed on the need to address land problems in an integrated manner, including strengthening land dispute resolution mechanisms (especially the courts' system), expanding and strengthening land use planning (the lack of which was attributed as one of the main causes of the problem) and revising the existing State Land and Real Estate Law to ensure among other things that State lands are properly defined.

(ii) Legal Framework Governing Land Registration:

The presentation highlighted the following issues:

- The existing Land Registration Law No. 39 of 1991 is very rudimentary and limited and lacks the necessary by-laws that could have compensated for the lack of detail in the law;
- In 2000, the deed registration system moved from a person-based registry (sejel shakhsee) to a parcel-based registry (sejel ainee) based on site inspection. How effective this is, when updated and detailed maps are absent, is questionable;
- Many registrations currently undertaken are based on inaccurate previous registrations and the investigation as currently conducted is not an adequate basis for providing conclusive legal effect to registration;
- The Government's decision to replace the 1991 Law is to be commended. The two drafts prepared by SALR in 2001 and the Ministry of Legal Affairs in 2004 introduced substantial improvements over the existing law, including: (i) Provision for both mandatory (systematic) registration and voluntary registration; (ii) Detailed field inspection and instructions on how to handle contested registrations in voluntary registration; (iii) Detailed systematic registration processes to ensure transparency and public confidence in the results; (iv) Strengthening the probative effect of registration; (v) Parcel-based registry with unique ID number; and (vi) Provisions for subsequent transaction registrations in the registry, to be distinguished from "voluntary registrations."

The revised law should take into account the following issues:

- Ensuring the financial sustainability of the registry system through among other things: (i) dropping the transfer tax and replacing it with an annual land tax, but if there is to be a transfer tax, then no penalties should be imposed on those seeking to register for previous unregistered transactions; (iii) the registering agency should be allowed to retain all registration fees for its support and a small portion of transfer tax for collection services.
- Improving the process of registration through: (i) more effective publicity procedures for systematic registration; (ii) reforming/reinforcing the role of the Amin to ensure a higher quality of documentation in transfers; and (iii) the courts' role in authentication of land transfers must be either ended or substantially reformed.
- Strengthening the legal effect of registration through: (i) priority of registered transfers over unregistered transfers; (ii) inability of unregistered transactions/inheritances to transfer title; and (iii) most importantly, legal conclusiveness of registration.
- Most importantly, concerning the debate institutional framework for land registration, it is not advisable to split the legal function of registration (which would be under the Ministry of Justice) from the technical function of surveying. The current consolidated structure should be retained as it is under the Presidency of the Council of Ministers as it greatly facilitates effective registration implementation.
- Other issues dealt with included the treatment of mistakes and corrections in the registry, the need to expand private sector involvement in registration (except in adjudication), allowing for field mediation and the treatment of court cases in the titling settlement process, and the elimination of conflict between the mandatory system and voluntary registration.

Workshop participants agreed that the revision of the legal framework governing land registration is a critical step to improving registration. All participants except for the Tax Authority agreed on the need to eliminate the requirement of paying back taxes on all past unregistered transfers, and to devise a penalty system for delay different from the one currently in place. Participants also emphasized the importance of

finding solutions to the widespread problem of forgery of basiras (transfer deeds). They also emphasized the need for reforming and properly regulating the functions of the Amin in the conveyance process, to ensure that they only work in their area of jurisdiction and properly check on property rights prior to drafting any property transfer (by checking with the land registry). Finally, participants proposed that the authentication and land registration functions would be consolidated, with conveyance by the Amin also to take place at the Land Registry to consolidate all these related activities and prevent transfers of unregistered land. Participants also emphasized the need for standardized forms for transfer deeds (basiras).

(iii) Land Registration and Land Administration:

The presentation highlighted the following key issues:

- Overall, there is a very limited utilization of the land registry in Yemen;
- Widespread public perception that court authentication of transfer deeds (basira) is as effective or more effective in securing property rights than deed registration, which means that court authentication ultimately undermines the deed registration system;
- Concerns about land registration costs (especially the requirement that those seeking to register pay all accumulated transfer taxes on all past unregistered transactions) further limit demand for registration;
- Limited degree of judicial/legal involvement in registration decisions;
- Inadequate regulation of conveyancing and monitoring of Amin activities;
- Inadequate registration and registry maintenance procedures, especially the lack of legally unique parcel/property ID number;
- Land disputes represent a significant portion of overall court cases;
- Land disputes take a long time to resolve, which due to the large volume of cases and the lack of specialization/preparation among judges to handle land disputes; and
- Ineffective enforcement of judicial decisions.

Workshop participants agreed that the activation of the land registry is a critical step to improving land tenure security in Yemen. The lack of registration of State and Waqf lands was also noted as a key issue. Participants underscored the importance of addressing the heavy financial burden associated with registration (payment of current and all past land transfer taxes and penalties for delays) if the purpose is to activate the use of the registry. The importance of regulating Amin functions was also underscored, especially that Amin activities be limited as per the Law to their geographic jurisdiction areas, and that Amins do not draft transfer deeds except after checking the basiras. In addition, participants emphasized the importance of proper maintenance of the land registry, namely in cross-checking recorded liens prior to issuing substitute basiras and curbing the practices of multiple sales of the same parcel of land. Participants also stressed that the fact that “court authentication of transfer deeds does not confer ownership” is not well understood by the public, and that the involvement of the judiciary in authentication is not warranted since this is supposedly an administrative procedure. It was also proposed to modify the authentication stamp to state that “authentication of does not confer ownership.”

(iv) Concluding Remarks and Next Steps:

Workshop participants all agreed on the need to establish a Land Policy Task Force (LPTF) to maintain a high-level dialogue on urban land policy and administration issues in Yemen among key stakeholders after the workshop. A total of 13 public, private and civil society stakeholders, including Parliamentarians and the judiciary, are represented in the LPTF. The LPTF objectives include validating/confirming initial

findings, addressing gaps in knowledge of policy, legal and procedural issues and opinions, and facilitating the advancement to the next stage of outlining key areas for intervention and policy options. Annex C details the LPTF mandate, action plan, designated members, and other information. In addition, a matrix of initial recommendations and areas of improvement is included in Annex C.3.

(ii) *Workshop on Urban Land Policy and Administration in Yemen, September 18, 2005*

The goal of the September 2005 workshop was to review key findings and recommendations on land policy and urban land management in Yemen. The workshop discussed a memorandum prepared by the World Bank in cooperation with the Commission on Land Policy, drawing on the results of the February workshop.

The workshop included presentations in Arabic on land policy issues, land laws, and institutional issues, each with recommendations on how to move forward. The workshop invitation, agenda, list of invitees and participants, and proceedings are provided below.

**Invitation letter (translated from the Arabic): Urban Land Policy and Administration Workshop,
Sana'a, September 18, 2005**

To:

**Mr. Ali Abu Halika,
Member of the House of Representatives, the Head of the Constitutional Committee.**

Subject: Workshop on urban land management policy in Yemen, on Sept. 18, 2005

Dear Sir,

Sponsored by the Ministry of Planning and International Cooperation, Ministry of Public Works and The Authority of the State Land and Property, and in coordination with the World Bank, a workshop under the title "Land Management and Policy of urban land in Yemen" will be held on Sunday, 18 September, 2005 at big hall in the building of the Ministry of Planning and International Cooperation. The workshop will discuss the memorandum prepared by the World Bank in cooperation with the Commission on Land Policy, which was formed after a workshop held recently in February. It will also be discussing the key findings and recommendations included in the memorandum with regard to policy and urban land management in Yemen.

Accordingly, the Ministry of Planning and International Cooperation is pleased to invite you to participate in this workshop to discuss ideas and recommendations contained in the memorandum prepared by the World Bank, and to activate the functioning of the workshop, Kindly find the following attached annexes:

- Summary of the memorandum of the World Bank
- Draft plan of action to give effect to the recommendations
- Review the legal and regulatory framework for the management of land in Yemen
- Summary of the recommendations reached in the World Bank memorandum
- Summary of the workshop on policy and land management in the cities of Yemen February 19 - February 21, 2005.

With Best Regards,

**Ahmad Muhammad Sufan,
Deputy Prime Minister and Minister of Planning and International Cooperation**

Workshop Agenda: Urban Land Policy and Administration Workshop, Sana'a, September 18, 2005

**Workshop on Urban Land Policy and Administration in Yemen
September 18, 2005**

Location: Ministry of Planning and International Cooperation, Sana'a

Workshop Agenda:

08:30-09:00	Registration of participants and light breakfast (coffee, pastries)
09:00-09:15	Keynote Opening Remarks HE Ahmed Mohamed Sofan, Deputy Prime Minister, Minister of Planning and International Cooperation
09:15-09:30	Session 1: Presentation on Recent Government of Yemen Reform Initiatives Format: 15 mn presentation by The State Land Authority, Land Registration and Survey Authority, and Ministry of Public Works & Highways (Urban Planning Department) Objective: to outline actions pending or planned to be taken by the Government of Yemen to strengthen urban land management
09:30-09:45	Session 2: Overview of key findings and recommendations on urban land policy and administration in Yemen
09:45 –10:00	Session 3: The legal framework governing land administration and State land management: overview and proposed improvements
10:00– 10:30	Discussion & comments
10:30 – 11:00	Break
11:00 – 11:15	Session 4: Presentation on International experience in the institutional (re)organization of the land sector and lessons learnt for Yemen
11:15 – 12:30	General Discussion: WB Urban Land Policy Note and Government Reform Initiatives. Moderated Discussion: Legal and Institutional Issues
12:30 – 13:00	Next steps and action plan <i>(in context of the proposed merger)</i>
13:00	Lunch

List of Invitees and Participants: Urban Land Policy and Administration Workshop, Sana'a, September 18, 2005

Name	Position / Organization
1. --	--, Ministry of Planning and International Cooperation
2. --	--, State Land and Real Estate Authority (SLREA)
3. --	--, Survey Authority and Land Registry (SALR)
4. -- (*)	--, General Investment Authority
5. -- (*)	--, Yemen Free Zones Authority
6. --	--, Services Committee, House of Representatives
7. -- (*)	--, Constitutional Affairs Committee, House of Representatives
8. -- (*)	--, Development Committee, House of Representatives
9. --	--, Chamber of Commerce and Industry Sana'a
10. --	--, Judicial Oversight Committee
11. --	--, West Sanaa Primary Court
12. --	--, Judicial Oversight Committee
13. --	--, Appeals Court, Sana'a
14. --	--, Commercial Court, Sana'a
15. --	--, Hadda area
16. -- (*)	--, Ministry of Public Works and Highways
17. --	--, Projects Programming, Ministry of Planning and International Coop.
18. --	--, Registration Affairs, Ministry of Justice
19. --	--, Urban Planning, Ministry of Public Works and Highways
20. --	--, Ministry of Finance
21. --	--, Tax Authority, Ministry of Finance
22. --	--, Ministry of Public Works and Highways
23. --	--, Lawyers Syndicate
24. --	--, SALR
25. --	--, SALR
26. --	--, SLREA
27. --	--, Ministry of Legal Affairs
28. --	--, Investment Projects, Ministry of Awqaf
29. --	--, Federation of Yemen Chambers of Commerce and Industry
30. --	Lawyer
31. -- (*)	Lawyer
32. --	--, Al Hamadany for Trade and Real Estate Investment and Development
33. --	--, Islamic Tadamon Bank
34. --	--, Yemen and Kuwait Bank

Name	Position / Organization
35. --	--, Yemen Islamic Bank
36. --	--, Yemen Bank for Reconstruction and Development
37. --	--, Shamel Bank, private sector investor
38. --	

(*) Did not attend

(iii) *Members of the Land Policy Task Force and Designated Focal Points*

Entity	Head / Presiding Member(s)	Designated Focal point(s)
1. Ministry of Planning	-- (Chair)	-- (Coordinator) -- (Coordinator)
2. State Land and Real Estate Authority	--, --	--, --, Legal Affairs
3. Survey Authority and Land Registry	--, --	--, --, Registration
4. Ministry of Finance	--, --	--, --, Property Tax (TBC)
5. Ministry of Justice	--, --	--, --
6. Ministry of Public Works	--, --	TBN
7. Ministry of Awqaf	--, --	--, --
8. Ministry of Legal Affairs	--, --	--, --, Programs
9. Amin	--, --, Hadda, Sana'a	--, --, Hadda, Sana'a
10. Private sector	--, --, Federation of Chambers of Commerce and Industry	TBN
11. Lawyers' syndicate	--, --, Lawyers' syndicate Sana'a --, --	--, Lawyer
12. Judges	--, --, Supreme Judicial Council --, --, Supreme Court	--
13. House of Representatives	--, --, Services Committee --, --, Development Committee --, --, Constitutional Affairs Committee	--, Member, Development Committee (TBC)

TBN/TBC: To be nominated/confirmed

(3) Procurement Reform

The procurement component of the IRDPG was informed by: (i) the Bank's consultations with Yemen Parliamentarians Against Corruption in March 2007 at the Bank's Country Office in Sana'a; (ii) an April 2007 workshop presentation to the Service and Finance Parliamentary Committees facilitated by external consultants (Booz Allen Hamilton, financed by USAID) in the presence of the media; and (iii) meetings with Parliamentarians on June 10, 2007, in Sana'a.

Invitations to the March and June 2007 consultations were extended by telephone.

(4) EITI

The World Bank participated in a workshop hosted by the Government on August 19, 2007, in Sana'a to launch its participation in EITI. Representatives of the Supreme National Authority for Combating Corruption (SNACC) and civil society also participated.

The meeting agenda and terms of reference for the EITI Council are included below:

Agenda for EITI launch

Extractive Industries Transparency Initiative
International Conference Agenda
Ministry of Oil & Minerals, Sana'a, Yemen
August 19, 2007

Session 1 : (09:00 – 10:00 am)

- 1-Introduction to EITI 9:00 – 9:20 am
* What is EITI?
* Why do we need it?
(The Minister Consultant)
- 2- World Bank 9:20 - 9:35 am
(World Bank representative)
- 3- Concluding word 9:35 – 9:55 am
(H.E.The Minister of Oil & Minerals)
- 4- Press Conference 10:00 – 10:30

Session 2 : (10:45 am).

Yemen EITI Council 1st meeting.

- * Reviewing work plan
- * Reviewing TOR
- * Protocols for future meetings.

The Yemen EITI Council Members:

The Organization	Name	No
Ministry of Oil & Minerals (MOM)	--	1
Ministry of Finance (MOF)	--	2
Ministry of Planning (MOP)	--	3
National Authority for Anti-Corruption	--	4
Human Rights Information & Training Center	--	5
Future Movements	--	6
The Development Institute for Democracy	--	7
Yemen Safer Company	--	8
Total EP Yemen	--	9
Canadian Nexen	--	10

EITI Council Terms of Reference

Extractive Industries Transparency Initiative Terms of Reference for the Yemen EITI Council

The TOR of the Yemen EITI council:

A) Purpose and work steps:

- 1- Facilitating the implementation of the EITI process by taking the necessary decisions and ensuring necessary financial and human resources are secured to fulfill EITI work plans.
- 2- Appointing an auditor and/or a reconciliation organization.
- 3- Raising the public awareness on EITI.
- 4- Assessing and removing barriers to implementation
- 5- In due course and in coordination with EITI Secretariat internationally , appointing and funding a validator under EITI processes and reviewing validation reports
- 6- Developing or agreeing a work plan
- 7- Monitoring the auditors and reconcilers work
- 8- Develop reporting templates for government and companies disclosing information
- 9- Facilitate stakeholder consultations on the reporting templates to mobilize and consolidate stakeholders input into them.
- 10- Develop guidance for government and companies on how to complete and submit those reports in accordance with the international standards.
- 11- Determine how often EITI reports should be compiled and published.
- 12- Resolve any other technical issues regarding the management of the contract with the audit and/or reconciliation organization.
- 13- Regular Publishing of all material oil, gas and mining payments by companies to government (Payments) and all material revenue received by the government from oil , gas and mining companies (Revenues) **to a wide audience in a publicly accessible, comprehensive and comprehensible manner.**
- 14- Exerting serious efforts to extend the EITI approach to all companies including state- owned enterprises.
- 15- The EITI council shall send a letter of instruction regarding the provision of reporting forms to the foreign and local companies operating in extractive industries. The letter shall instruct the foreign and local companies to deliver complete reports directly to the audit company by the specified reporting date .The letter submission should be to the auditor by a reporting date.
- 16- The observation and evaluation of all EITI programs including wide dissemination of the EITI report ;ensuring necessary follow-up actions on EITI Report's recommendations and reviewing the overall EITI process so that any needed refinements are implemented to make the Yemen EITI into a sustainable process.

B) Governance of the Yemen EITI council:

- 1- The members of the Yemen EITI Council are chosen through the "Nomination Approach "
- 2- The membership in the EITI Council is of ten members representing the government, the civil society organizations and the non-governmental companies.
- 3- Decisions of the council can be taken by not less than the Two Thirds of the council members.
- 4- The initial membership will last for two years.
- 5- The Yemen EITI Council work will be supported by the Yemen EITI Secretariat in MOM.

C. Other Relevant Consultations

(1) World Bank Group 2006 Country Assistance Strategy

The main objective of consultations on the 2006 CAS was to solicit feedback from the government, civil society and donors to be used as inputs into the preparation of the World Bank Country Assistance Strategy for Yemen (2006-10).

(i) Initial Consultations on 2006 CAS, November 2005

The Bank held four workshops with about 150 participants attending from various stakeholder groups (government, 35 percent; academia, 6 percent; international community, 16 percent; and others—businessmen, NGOs, journalists, associations—43 percent). These extensive consultations took place in Sana'a and Aden during November 19-22, 2005. Consultations with civil society specifically were held in Aden on November 19, 2005, and in Sana'a on November 22, 2005. The agenda and participants for these consultations are included below.

World Bank CAS Consultation with Civil Society Organizations
(Aden, Yemen, Mercure Hotel, Saturday, November 19, 2005)
(Sana'a, Yemen, Taj Sheba Hotel, Tuesday, November 22, 2005)

Program

- 8:30-09:00 **Registration**
- 9:00-09:10 **Opening Remarks**
Mr. Mustapha Rouis, Yemen Country Manager, World Bank
- 9:10-09:30 **IDA Allocation and the CAS Approach**
Mr. Emmanuel Mbi, Country Director, World Bank: *IDA-14 Allocation and Result-Based CAS*
- 09:30-10:00 **Retrospective Review—drawing lessons from the past**
Mr. Gaiv Tata, Country Program Coordinator: *2002 CAS Status Report*
- 10:00-10:30 **Looking Ahead—the Development Agenda**
Mr. Srinivasan Gopalan Thirumalai, Senior Economist, MNSD, and Mr. Mustapha Rouis, Country Manager, World Bank: *Development Policy Review—Main Hypotheses*
- 10:30-10:45 **Break**
- 10:45- 12:45 **Open Discussions: Yemen Priorities and the Role of the Bank**
- 12:45- 13:00 **Closing Remarks**
Mr. Emmanuel Mbi, Country Director, World Bank
- Questionnaire**
- 13:00-14:00 **Lunch Hosted by the World Bank (All participants are invited)**

Civil Society Consultations on 2006 CAS
Aden, November 19, 2005
List of Participants

Participant	Affiliation
--	HR Association
--	Health Office
--	Aden University
--	Yemen Women Union
--	Social Affairs
--	Yemeni Writers Union
--	PCDP
--	PCDP
--	PCDP
--	Aden Local Council
--	MoPIC-Aden
--	ECA
--	22 May Newspaper
--	WWA
--	22 May Newspaper
--	Aden Local Council
--	EPSP
--	Poverty A. Association
--	PCDP
--	Local Council
--	AAWS
--	Governor's Office
--	14 October Newspaper
--	SAD
--	YWA
--	Businessman/Water
--	Port Cities Project
--	Chamber of Commerce
--	Aden University
--	Yemeni Center for HR
--	Aden Local Council
--	Aden University
--	Al-Ayyam Newspaper
--	Aden Local Council
--	AWAFD
--	Aden University
--	Poverty Allev. Ass.
--	Aden University
--	Aden Women Assoc.
--	Saba'a News Agency
--	Local Council
--	Al-Zahra Association

Civil Society Consultations on 2006 CAS
Sana'a, November 22, 2005
List of Participants

Participant	Affiliation
--	UNDP
--	Sana'a University
--	Watani Bank
--	Consultative Council
--	OXFAM
--	Al-Tahadi NGO
--	YCCI
--	Hayel Saeed Group
--	Consultative Council
--	Akhbar Al-Yaum NP
--	Sana'a University
--	YCCI
--	Shareb Cop.
--	Parliament
--	Sana'a University
--	Al-Saleh Welfare Society
--	YWU
--	ADRA
--	CDPF
--	OXFAM

(ii) Follow-up Consultations on 2006 CAS, March 2006

Follow-up consultations were held in Sana'a on March 7, 2006, with members of the newly appointed Cabinet to discuss and validate the selection of strategic priorities under the new CAS. Participants included Government officials from various ministries (including Planning, Finance, Health, Water, and Agriculture). The draft CAS Completion Report for the previous CAS was presented as a means to engage with participants in designing a realistic CAS program for 2006-2009. This meeting was organized by the authorities.

The Country Director's March 2006 meeting schedule included below, which makes reference to the follow-up CAS consultation meeting.

**Programme for Mr. Emmanuel Mbi, Country Director for Egypt, Yemen and Djibouti, for trip to
Yemen
March 4-9, 2006**

<i>Date</i>	<i>Activity</i>	<i>Status</i>
Saturday, March 4		
19:00	Arrival on Yemenia 601 from Cairo Proceeding to Taj Sheba Hotel (confirmation202478)	
Sunday, March 5		
09:00	Meeting with Mr. Mustapha Rouis, Country Manager for Yemen, CO	confirmed
11:30	Meeting with --, --, Ministry of Planning and International Cooperation	confirmed
16:00	Donor Meeting on PFM, CO	confirmed
Monday, March 6		
14:00	Meeting with --, --, Ministry of Finance	confirmed
16:30	VC on the draft report for the Yemen Investment Climate Assessment, CO	confirmed
20:00	Dinner hosted by -- at Al-Mankal Restaurant	confirmed
Tuesday, March 7		
10:00	CAS Meeting at the Ministry of Planning	confirmed
13:00	Meeting with --, --, Ministry of Water	confirmed
16:00	Telephone conversation with --	
Wednesday, March 8		
9:00	Meeting with --, --, Ministry of Civil Service (to attend at your preference with Messrs Rouis and Tata)	confirmed
10:00-11:00	Meeting with H.E. Abdul-Qader Bajammal, the Prime-Minister	To be confirmed
13:00	Meeting with --, --, Ministry of Education	confirm
Thursday, March 9		
08:00	Departure on Yemenia 606 to Cairo	

(2) **Investment Climate Assessment**

The draft ICA was discussed with the Government, the private sector (through the Federation of Chambers of Commerce), and academics on June 27-28, 2006. ICA findings were summarized in a PowerPoint presentation in English, which was provided to meeting participants in hard copy form. Invitations were made by telephone. A meeting schedule and related e-mail correspondence are included below.

Andrew Stone Agenda Jun 27-28

<i>Entity</i>	<i>Date</i>	<i>Meeting with</i>	<i>Venue</i>
<i>June 27, 06</i>			
<i>June 28, 06</i>			
Ministry of Planning and International Cooperation	9:00-11:30a.m.	-- (--, MoPIC) and a number of other Gov't officials	MoPIC
Donors' meeting	2:00-3:30p.m.	- Dutch Embassy (confirmed) - -- "DFID" - -- (tbc) US Embassy - German embassy (tbc)	CO
Federation of Chambers of Commerce	4:30 p.m.-	-- & others	--'s office

From: Lina Yassin Al-Saffi on 06/26/2006 03:33 PM ZE3
MNCYE

To: Andrew H. W. Stone/Person/World Bank@WorldBank
cc: Abeer Yahia Aleryani/Person/World Bank@WorldBank, Yahia Saleh Alanssi/Person/World Bank@WorldBank, Mustapha Rouis/Person/World Bank@WorldBank
bcc:
Subject: Fw: Mission to discuss/disseminate ICA?

Dear Andrew,

Kindly be informed that Dr. Yahia has kindly assisted us getting in contact with Academicians. You will have a meeting with around 10 acads. tommorw at 11:00 pm in the country office.

Best,

Lina Y. Al-Saffi

(3) Development Policy Review and Country Social Analysis

Upon completion of the Development Policy Review (DPR) and Country Social Analysis (CSA), both key documents underpinning the design of the IRDPG, the Bank launched a series of joint dissemination workshops around the country. Workshops were held in Sana'a on June 23, 2007, in Taiz on June 25, 2007, and in Aden on June 27, 2007. Documents were disseminated in English and Arabic.

The joint dissemination workshop agenda, English translations of the invitations (which were issued in Arabic),⁶ and participant lists are included below. Participant lists are not complete given the broad attendance at these consultations.

⁶ The Aden workshop was originally scheduled for June 28, 2007, as reflected in the invitation below. However, the team subsequently realized that June 28 was a Thursday (part of the weekend in Yemen), and the workshop was rescheduled for June 27, 2007. Invitees were notified of the change by telephone.

Joint DPR/CSA Dissemination Workshop Agenda



THE WORLD BANK

Joint Dissemination Yemen Development Policy Review and Country Social Assessment

June 23 - 27, 2007

Sana'a - Saturday, 23 June

Venue: Sana'a University Public Information Center

08:30 - 09:00	Registration
09:00 - 10:00	Introduction by WB Team - Yemen Development Policy Review
10:00 - 10:30	Introduction by Yemeni Partner of Report- Own Perspective (to be named)
10:30 - 11:00	<i>Coffee break</i>
11:00 - 12:00	Introduction by WB Team - Country Social Assessment
12:00 - 12:30	Introduction by Yemeni Partner of Report- Own Perspective (to be named)
12:30 - 13:30	Questions and Clarifications

Depart Sana'a to Taiz: Sunday, 24 June – By Road

Taiz: Monday, 25 June 2007

Venue: Sofitel Hotel

08:30 - 09:00	Registration
09:00 - 10:00	Introduction by WB Team - Yemen Development Policy Review
10:00 - 10:30	Introduction by Yemeni Partner of Report- Own Perspective (to be named)
10:30 - 11:00	<i>Coffee break</i>
11:00 - 12:00	Introduction by WB Team - Country Social Assessment
12:00 - 12:30	Introduction by Yemeni Partner of Report- Own Perspective (to be named)
12:30 - 13:30	Questions and Clarifications

Depart Taiz to Aden: By Road Tuesday, 26 June

Aden: Wednesday, 27 June 2007

Venue: Mercure Hotel

08:30 - 09:00	Registration
09:00 - 10:00	Introduction by WB Team - Yemen Development Policy Review
10:00 - 10:30	Introduction by Yemeni Partner of Report- Own Perspective (to be named)
10:30 - 11:00	<i>Coffee break</i>
11:00 - 12:00	Introduction by WB Team - Country Social Assessment
12:00 - 12:30	Introduction by Yemeni Partner of Report- Own Perspective (to be named)

Depart Aden to Sana'a: Wednesday, 27 June - IY 1735 1820

The working language is English. Arabic simultaneous interpretation is provided for all sessions

For more information about the World Bank's work in Yemen, visit: www.worldbank.org/ye

For more information about those reports, visit: =====

Invitation: Joint Dissemination of Yemen DPR and CSA, Sana'a, June 23, 2007

June 11, 2007

Mr. / Ms.

**Subject: Launching the World Bank Country Social Analysis and
Yemen Development Policy Evaluation Reports - 2007**

The World Bank office in Sana'a plans to launch its *Country Social Analysis* and *Yemen Development Policy Evaluation* Reports on Saturday, June 23, 2007 at the World Bank National Center for Information, located at the Central Library of Sana'a University, from 9:00 am up to 12:30 pm.

The *Country Social Analysis* Report aims to present an analysis of the social context and social trends in Yemen to identify risks and opportunities for development, provide a social analysis that can inform and guide future investment projects and to propose strategies and priorities for development policies and programs to improve the outcomes of the social development.

Whereas the *Yemen Development Policy Evaluation* Report aims to inform the Government of Yemen during the preparation of the final draft of the *Poverty Reduction Strategy 2006 – 2010*, raising the awareness on expected impacts of the depletion of oil reserves, and promoting more diversified and sustainable development.

For your information, discussions will be conducted in both Arabic and English with simultaneous interpretation.

For more information and queries, please contact Ms. Samra Al-Shaibani – senior communication officer of the World Bank Office in Sana'a, Tel #: 421623-8, Fax #: 413733, or e-mail: sshaibani@worldbank.org

Yours sincerely,

Mustapha Rouis

World Bank Country Manager in Yemen

List of Participants: Joint Dissemination of Yemen DPR and CSA, Sana'a, June 23, 2007

1	--	--, Sana'a University	Sana'a University	
3	--	--, Ministry Of Planning & International Cooperation	Ministry of Planning & International Cooperation	
2	--	--, Sana'a University	Sana'a University	
3	--		Sana'a University	
4	--		Sana'a University	
5	--		Sana'a University	
6	--		Sana'a University	
7	--		Sana'a University	
8	--		Sana'a University	
9	--		Sana'a University	
10	--		Sana'a University	
11	--		Sana'a University	
12	--		Sana'a University	
13	--		Sana'a University	
14	--		Sana'a University	
15	--		Sana'a University	
16	--		Sana'a University	
17	--		Sana'a University	
18	--		Sana'a University	
19	--		Sana'a University	
20	--		Sana'a University	
21	--		Sana'a University	
22	--		Sana'a University	
23	--		Sana'a University	
24	--		Sana'a University	
25	--		Yemen Times	
26	--			
27	--			
28	--		Sana'a University	

Invitation: Joint Dissemination of Yemen DPR and CSA, Taiz, June 25, 2007

June 11, 2007

Mr. / Ms.

**Subject: Launching the World Bank Country Social Analysis and
Yemen Development Policy Evaluation Reports - 2007**

The World Bank office in Sana'a plans to launch its *Country Social Analysis* and *Yemen Development Policy Evaluation* Reports on Monday, June 25, 2007 at Taiz Sofitel Hotel, from 9:00 am up to 12:30 pm.

The *Country Social Analysis* Report aims to present an analysis of the social context and trends in Yemen to identify risks and opportunities for development, provide a social analysis that can inform and guide future investment projects and propose strategies and priorities for development policies and programs to improve the outcomes of the social development.

Whereas the *Yemen Development Policy Evaluation* Report aims to inform the Government of Yemen during the preparation of the final draft of the *Poverty Reduction Strategy 2006 – 2010*, raising the awareness on expected impacts of the depletion of oil reserves, and promoting more diversified and sustainable development.

For your information, discussions will be conducted in both Arabic and English with simultaneous interpretation.

For more information and queries, please contact Ms. Samra Al-Shaibani – senior communication officer of the World Bank Office in Sana'a, Tel #: 421623-8, Fax #: 413733, or e-mail: sshaibani@worldbank.org

Yours sincerely,

Mustapha Rouis

World Bank Country Manager in Yemen

List of Participants: Joint Dissemination of Yemen DPR and CSA, Taiz, June 25, 2007

1	--	--	Taiz Governorate
2	--	--	Taiz Governorate
3	--	--	Taiz University
4	--	--	Taiz Governorate
5	--	--	Taiz Governorate
6	--	--	Taiz Governorate
7	--	--	Taiz Governorate
8	--	--	Taiz Governorate
9	--	--	Taiz Governorate
10	--	--	Taiz Governorate
11	--	--	Taiz Governorate
12	--	--	Taiz Governorate
13	--	--	Taiz Governorate
14	--	--	Taiz Governorate
15	--	--	Taiz Governorate
16	--	--	Taiz University
17	--	--, Faculty of Administrative Sciences	
18	--	--, Social Fund for Development	
19	--	--, Youth Center	
20	--	--, Yemen Women's Federation	
21	--	--, Dia Association	
22	--	Yemen Times Office - Taiz	
23	--	Al Jumhouriah Newspaper	
24	--	Member of the House of Representatives	
25	--	Taiz University	
26	--	Andaa Foundation for Development	
27	--	Skills Development Foundation	
28	--	Ajjalakum Foundation	
29	--	Y	
30	--	Taiz University	
31	--	Insurance and Pensions	

Invitation: Joint Dissemination of Yemen DPR and CSA, Aden, June 27, 2007

June 11, 2007

Mr. / Ms.

**Subject: Launching the World Bank Country Social Analysis and
Yemen Development Policy Evaluation Reports - 2007**

The World Bank office in Sana'a plans to launch its *Country Social Analysis and Yemen Development Policy Evaluation* Reports on Thursday, June 28, 2007 at the Aden Mercure Hotel, from 9:00 am up to 12:30 pm.

The *Social Analysis* Report aims to present an analysis of the social context and trends in Yemen to identify risks and opportunities for development, provide a social analysis that can inform and guide future investment projects and to propose strategies and priorities for development policies and programs to improve the outcomes of the social development.

Whereas the *Yemen Development Policy Evaluation* Report aims to inform the Government of Yemen during the preparation of the final draft of the *Poverty Reduction Strategy 2006 – 2010*, raising the awareness on expected impacts of the depletion of oil reserves, and promoting more diversified and sustainable development.

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For more information and queries, please contact Ms. Samra Al-Shaibani – senior communication officer of the World Bank Office in Sana'a, Tel #: 421623-8, Fax #: 413733, or e-mail: sshaibani@worldbank.org

Yours sincerely,

Mustapha Rouis

World Bank Country Manager in Yemen

List of Participants: Joint Dissemination of Yemen DPR and CSA, Aden, June 27, 2007

Names of Participants from Aden Governorate

Mercure Aden Hotel
June 27, 2007

Name	Title
Aden University	
--	--, Woman Center – Aden University
--	Academic at the University
--	Faculty of Arts
--	Faculty of Economy
--	Faculty of Economy
--	Faculty of Economy
--	Faculty of Law
--	Faculty of Education – Sociology Dept.
--	Psychology & Sociology Dept.
--	
--	
--	
--	--, Household promotion
--	Media – Consultant for many associations
--	
--	
--	
--	
--	
--	
--	
--	
--	Lawyer
--	
--	
--	
--	
--	
--	
--	
--	--, Center of People with Special Needs
--	
--	
--	
--	
--	
--	School Principle
--	Aden University

Name	Title
--	
--	
--	Aden University
--	Faculty of Law
--	--, Human Rights Center
--	--, Human Rights Center & Democracy for Women
--	Ministry of Health
--	--, Woman Sustainable
--	--, Media Female Workers
--	--, Woman Federation - Aden
--	--, Woman Federation - Aden
--	--, National Commission

(4) Poverty Assessment

Upon completion of the Poverty Assessment, which provided analysis that underpinned the design of the IRDPG, the Bank launched a “road show” of dissemination workshops around the country in December 2007. Workshops were held in Seiyun on December 9, in Al-Beidah on December 11, in Aden on December 12, in Amran on December 13, and in Hodeidah on December 15. The road show culminated in a technical workshop hosted jointly by the Government of Yemen, UNDP, and World Bank in Sana’a on December 16.

The road show schedule and technical workshop agenda are included below. Participant lists are also included, though they are not complete given the broad attendance at these consultations and the team’s inability to ensure that all had signed in.

Road Show Schedule, Poverty Assessment Dissemination, December 8-16, 2007



**Dissemination
Yemen Poverty Assessment Report
Sana'a, Yemen**

Final Agenda/December 8 - 16, 2007



Travel Schedule in Governorates Coordinated with MoPIC: Seiyun/Al-Beidah/Aden/Amran/Hodeida/Sana'a		
Saturday, December 8		
SANA'A/Seiyun	Depart Sana'a/Seiyun (by air)	07:35 – 0830
	Check in hotel	07:15 – 09:00
Sunday, December 9		
	Meeting with selected DGs of Govt. offices, District Council and CSOs	10:00 – 13:00
Monday, December 10		
Sana'a/Seiyun	Depart Seiyun/Sana'a (by air)	07:50 – 08:50
Tuesday, December 11		
SANA'A/Al-Beidah	Depart Sana'a/Al-Beidah (by car)	06:00 – 11:00
	Meeting with selected DGs of Govt. offices, District Council and CSOs	12:00 – 14:00
	Depart Al-Beidah/Sana'a (by car)	14:00 – 19:00
Wednesday, December 12		
SANA'A/Aden	Depart Sana'a/Aden (by air)	06:00 – 06:45
	Meeting with selected DGs of Govt. offices, District Council and CSOs	10:00 – 13:00
	Depart Aden/Sana'a (by air)	19:15 – 20:00
Thursday, December 13		
SANA'A/Amran	Depart Sana'a/Amran (by car)	0600 0645
	Meeting with selected DGs of Govt. offices, District Council and CSOs	08:30 – 09:00
	<i>Lunch in Amran (optional)</i>	10:00 – 13:00
	Depart Amran/Sana'a (by car)	13:00 – 14:00
		14:00 – 14:30
Friday, December 14		
SANA'A/Hodeida	Depart Sana'a/Hodeida (by car)	08:00 – 12:00
Saturday, December 15		
	Meeting with selected DGs of Govt. offices, District Council and CSOs	10:00 – 12:00
	Depart Hodeida/Sana'a (by car)	13:00 – 17:00
Saturday, December 16		
SANA'A	Technical Workshop	
	Location: CSO Training Institute (Separate Agenda)	10:00 – 13:00

List of Participants: Poverty Assessment Dissemination Workshop, Seiyun, December 9, 2007

	Name	Organization
1	--	Ministry of Planning and International Cooperation, Sayoun office
2	--	Ministry of Planning and International Cooperation, Sayoun office
3	--	Ministry of Planning and International Cooperation, Sayoun office
4	--	Central Statistics Organization
5	--	Ministry of Health
6	--	Ministry of Education
7	--	Chamber of Commerce
8	--	Agriculture and Irrigation
9	--	Social Affairs
10	--	--
11	--	--
12	--	Local Council, Sayoun
13	--	Local Council
14	--	Local Council
15	--	Community College
16	--	Community College
17	--	Hadramout University
18	--	Hadramout University
19	--	Hadramout University
20	--	Local council, Hadramout Gov.

List of Participants: Poverty Assessment Dissemination Workshop, Al-Beidah, December 11, 2007

Republic of Yemen
Yemen Woman Union
Al-Baydha'a Office

	Name	Organization
1	--	Yemen Woman Union
2	--	Yemen Woman Union
3	--	National Woman Committee
4	--	National Woman Committee
5	--	Faculty of Education
6	--	Faculty of Education
7	--	Woman charity association
8	--	Woman charity association
9	--	Woman charity association
10	--	Al-Khulood charity association
11	--	Al-Khulood charity association
12	--	Al-Khulood charity association
13	--	Al-Khulood charity association
14	--	Environment Advocates charity association
15	--	Environment Advocates charity association
16	--	Al-Rifq charity association
17	--	Al-Rifq charity association
18	--	Al-Ihsaan charity association
19	--	Al-Ihsaan charity association
20	--	Al-Mardam charity association
21	--	Disabled Association
22	--	Girls Education

List of Participants: Poverty Assessment Dissemination Workshop, Aden, December 12, 2007

1	--	Civil Eng.
2	--	Civil Eng.
3	--	Geologist
4	--	Social Activist
5	--	Layer
6	--	Social Activist
7	--	Social Activist
8	--	Private Sector Development Program
9	--	Agri. Eng
10	--	Al-Khair Association
11	--	Al-Khair Association
12	--	Omran Association
13	--	Faqm Association
14	--	Attarikh Association
15	--	Social Activist & Prof
16	--	Economy + Prof.
17	--	Prof.
18	--	--, Attadhamon Association
19	--	Woman Sustainable Development
20	--	Social Activist
21	--	Yemen Woman union
22	--	Social Activist & Journalist
23	--	Household promotion Association
24	--	Poverty Combating Association
25	--	Basatin Association
26	--	Human rights Center
27	--	Al-Aydarous development Association
28	--	Amadarah Charity association
29	--	Tadhamuniah Charity Association
30	--	Adenian Woman Association
31	--	
32	--	
33	--	Aden Gulf Association
34	Returnees from Somalia	Returnees from Somalia

List of Participants: Poverty Assessment Dissemination Workshop, Amran, December 13, 2007

	Name	Organization	Title	
Local Council				
1	--			
2	--			
3	--			
4	--			
Social affairs				
1	--			
2	--			
3	--			
4	--			
5	--			
Societies				
1	--	Al-Faous		
2	--	Life Makers		
3	--	Community Development		
4	--	Al-Dhameer		
5	--	Al-Ula		
6	--	Al-Amal		
7	--	National Woman Committee		
8	--	National Woman Committee		
9	--	National Woman Committee		
10	--	Yemen Woman Union		
11	--	Yemen Woman Union		
12	--	Yemen Woman Union		
COCA				
1	--			
2	--			
3	--			
University				
1	--			
2	--			
3	--			
4	--			
5	--			

Technical Workshop Agenda, Poverty Assessment Dissemination, Sana'a, December 16, 2007

**Dissemination
Yemen Poverty Assessment Report
Sana'a, Yemen**



**Technical Workshop
Sunday, December 16, 2007**

(Location: CSO Training Institute/to be confirmed)

- 8:30-09:00 **Registration**
- 9:00-09:15 **Opening Statement**
Dr. Mutahar Al-Abbasi
Deputy Minister for Development Plans
Ministry of Planning and International Cooperation
- 09:15-09:30 **Presentation:**
Poverty Line, Methodology and Results
Dr. Heba, UNDP
CSO representative (to be named)
- 09:30-09:45 **Presentation:**
Growth, Reforms and Poverty in Yemen:
Ingrid Ivins, World Bank
MoPIC representative (to be named)
- 09:45-10:15 **Coffee Break**
- 10:15-10:30 **Presentation:**
Evaluation of Social Protection of the poor in Yemen:
Irina Shaorshadze
Social Welfare Fund representative (to be named)
- 10:20-10:00 **Presentation:**
The Challenges of monitoring poverty in Yemen:
Iqbal Kaur
MoP representative (to be named)
- 11:00- 11:15 **Discussions/Comments**
- 11:00- 11:15 **Closing Statement**
HE Abdulkarim Al-Arhabi
Deputy Prime Minister for Economic Affairs
Minister of Planning and International Cooperation
- 11:15- 12:00 **Press Conference**

(5) Work on Governance and Anti-Corruption

In the context of its ongoing work on governance and anti-corruption (GAC) in Yemen, the Bank held formal stakeholder consultations on January 14-15, 2007, in Sana'a. Participants included over 35 representatives from Parliament, academia, professional associations, and civil society organizations, including the Yemen Observatory for Human Rights. The feedback from this consultations was given due consideration in finalizing the design of the IRDPG, as well as that of the Bank's GAC Strategy.

A list of participants and a report on the feedback received during this consultation are provided below.

**STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
PARTICIPANTS LIST
YEMEN
(JANUARY 14-15, 2007)**

Government of Yemen

- , --, Ministry of Planning and International Cooperation
- , --, Ministry of Justice
- , --, Ministry of Finance
- , --, Ministry of Civil Service
- , --, Central Organization for Control and Audit
- , --, COCA
- , --, COCA
- , --, GTZ project at COCA
- , --, Planning Sector
- , --, Ministry of Finance – Planning and Statistics Sector
- , --, Planning and Statistics – Ministry of Finance
- , --, External Relations, Ministry of Finance
- , --, Civil Service Modernization Project, Ministry of Civil Service
- , --, Supreme Tendering Committee
- , --, President’s Office
- , --, Tax Authority
- , --, National Woman Committee
- , --, Service Affairs, Cabinet
- , --, Ministry of Finance

Parliament and Civil Society

- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Parliament
- , Member of the Shura Council

- , --, Socialist Party
- , Sana'a University
- , --, Youth Leadership Development Foundation
- , --, Federation of Yemeni Chambers of Commerce and Regional Manager of Hayel Saeed Co.
- , --, Strategic Studies Center
- , --, Al-Farouq Consultancy Establishment
- , --, MPs Against Corruption – Yemen Office
- , --, Social Development Forum
- , Yemeni Observatory for Human Right / Global Priorities Organization
- , --, Cultural Development Programs Planning Foundation
- , --, External Relations – General People's Congress Party
- , Sana'a University
- , --, Parliament
- , Hayel Saeed Co.
- , Fighting Corruption Organization
- , International Program for combating Child Labor
- , Mada Establishment
- , Yemen Organization for Human Rights
- , Sisters Forum

Media

- , --, *Al-Thawra*
- , --, *Sep 26* Newspaper
- , --, *Al-Sharg Al-Awsat* Newspaper (Middle East)
- , *Ra'ay News*

Donor Community

- , --, National Democratic Institute
- , --, GTZ-COCA Project
- , GTZ
- , DCM – German Embassy
- , French Embassy
- , French Embassy
- , EKN
- , --, NDI
- , --, GTZ Project Institutional Capacity Development Project/ MoPIC
- , US AID
- , US AID
- , --, UNDP
- , UNDP
- , DFID
- , DFID
- , DFID

**STRENGTHENING WORLD BANK GROUP
ENGAGEMENT ON GOVERNANCE AND ANTICORRUPTION
CONSULTATION FEEDBACK**



YEMEN

(JANUARY 14-15, 2007)

Participants: See attached list

Feedback consisted of: (1) a set of extensive discussions with around 25 senior government officials, including the Ministers of Planning and International Cooperation, Finance, Civil Service and Insurance and Justice; (2) a workshop with more than 35 representatives from parliament, civil society, academia, and professional associations; (3) a two hour meeting with members of the donor community; and (4) an afternoon discussion with selected members of the print media. A list of Yemeni and donor participants is attached. On behalf of the Bank, the participants included the Country Manager Mustapha Rouis (MNCYE); Robert Beschel, Arun Arya and Charles Adwan (MNSD); and Samra Shaibani (MNAEX).

The meeting with senior government officials was moderated by H.E. Abdul Karim Al-Arhabi, Minister of Planning and International Cooperation. The meeting with the donor community was moderated by Mustapha Rouis. Charles Adwan served as the rapporteur for both sessions. An external moderator, Dr. A. Karim Thabet, was used for the session with parliamentarians and civil society and the media session. An external rapporteur, Dr. Khaled Al-Hariri, served as rapporteur for sessions three and four with parliamentarians and civil society and with the media.

How did the process fit into ongoing country dialogue?

The discussions were fully consistent with the Bank's extensive and evolving country dialogue on governance issues. The Bank has been working closely with the Government of Yemen (GoY) to implement a host of important reforms in areas such as public financial management and civil service reform. The principal vehicles for these discussions have been the Civil Service Modernization Project (CSMP), a \$30 million investment loan that began in 2000 and is scheduled to close in 2007 and the Procurement reform Trust Fund. The CSMP project marks an ambitious effort to take forward needed reforms in areas ranging from establishing a computerized financial management information system to a biometric human resource database for public employees to reforming and reengineering a number of selected line departments. In 2005, discussions went forward with a consortium of donors, including the Bank, DFID and the Netherlands, for developing an action plan for public financial management reform.

In 2006, the GoY—working in close consultation with donors—adopted a National Reform Agenda focusing largely on governance issues. The 2006 CAS for Yemen deals extensively with issues of governance and public management reform, and governance related actions will form a major part of an upcoming \$50 million Development Policy Loan in FY07. The Bank has also been active in supporting analytic work on issues of governance and public management, including a CPAR in 2004.

Recently, with the support of DFID, we have recruited a full-time governance advisor in Sana'a to provide support on this agenda.

What were the key issues/themes raised by participants?

The participants raised a number of important themes for both the Bank's broader Governance and Anticorruption (GAC) paper and for Yemen as a whole. Perhaps the most important is their concern that the policy will be applied selectively in only the poorest and most heavily aid dependent countries. Richer countries with access to alternative sources of capital will be able to distance themselves from the Bank if they find its policies and conditionalities too onerous, so Bank staff will be reluctant to apply the GAC policy stringently and thereby risk compromising the Bank's relationship with them. In their view, the Bank will be less constrained with poorer countries, which will ultimately have little choice but to comply or risk losing Bank funds.

The quality of indicators was a topic of considerable discussion. The GoY, in particular, is concerned that the use of such indicators in the past had not fully or accurately reflected recent developments within Yemen, including new reform initiatives. There was a consensus among many participants that the GoY needs to do a better job in understanding and tracking governance indicators and in marketing its accomplishments. On its part, the Bank needs to do more in resolving some of the conceptual and methodological concerns surrounding its indicators and in ensuring fairness and objectivity in their application.

There was general agreement among all participants that the Bank's strategy is an important and welcome document. They also agreed that the Bank needed to address issues of governance and anticorruption as a part of Yemen's broader development agenda; the Bank should not disengage from countries struggling with these issues. Other points of consensus include that there is a rich agenda of governance reforms, including public financial management, civil service reform, anticorruption and legal and judicial reform, where the Bank should support the Government; the Bank should broaden its engagement to incorporate other constituencies beyond government, including parliament, civil society and the media; and that improved donor coordination on governance is an important and worthwhile objective.

The design of Bank projects was held up to considerable scrutiny, with many participants arguing that the Bank needs to do more to ensure effective implementation. There were discussions regarding the extent to which the Bank is adequately supporting the good governance agenda, with questions being raised as to whether adequate resources were being devoted to it.

Finally, a number of participants within Government, parliament, civil society, the press, and donor community all emphasized that Yemen was entering a critical phase in its struggle against corruption. The creation of the new anticorruption agency, and particularly the selection of its board of overseers and staff (which should happen within the next couple of months), will be a very important signal regarding the Government's intentions in this area. The key question will be whether individuals are chosen with a reputation for integrity and capability. Similarly, the adoption of a new procurement law—in its final stage of preparation—and its application through the restructuring of the High Tender Board will be seen as another important signal of the Government's commitment to improve governance and fight corruption.

Note About the MENA Consultations:

1. In all countries in the MENA region, joint consultations were held involving parliamentarians, members of civil society, business associations and trade unions. It is therefore difficult to disaggregate the views of these distinct constituencies. In cases where observations clearly reflected the views of one group or another, we have broken them down separately. In other cases, they have been listed collectively under the “civil society” category.
2. Most consultations followed a standardized format, in which a brief 10-15 minute Powerpoint presentation was made by Bank staff that drew upon the key slides prepared by Central EXT and laid out the major aspects of the strategy. The discussions with various groups typically consisted of two sessions. The first session focused on Questions 1-3 in terms of the overall governance environment within a particular country. The more general questions provided by EXT were utilized in discussions with parliamentarians, civil society and the media, whereas discussions with government officials involved a more detailed and focused dialogue over their specific reform agenda. (In all of these countries, the Bank has been closely engaged in supporting a host of governance and public management reforms.) The second session then focused on the five Board-mandated questions to be addressed. After the initial presentation, Bank staff sought to refrain from subsequent interventions to maximize the time available for participant discussion. The only exceptions were: (1) instances where staff were asked to respond to specific questions; and (2) areas where there was a danger that, by not intervening, the quality of the discussions could be compromised by extensive reference to false and/or misleading information.
3. In two of the three countries (Egypt and Yemen), external facilitators and rapporteurs were used for sessions with civil society, parliamentarians and the media. In Morocco, the Country Manager, Ferid Belhaj, moderated the discussions. To ensure confidentiality, no external moderators or rapporteurs were present for any of the consultations with government.
4. Finally, in the interest of conserving space, we have deleted blank boxes from the matrix below where specific comments and/or feedback was not forthcoming during the consultations.

Respondent Type	Consultation Reply
1. Top governance challenges in country	
[Government]	<ul style="list-style-type: none"> • Significant changes are needed in the justice sector and among the security agencies. The Higher Judicial Council should be separated from the President's Office, which will help with the separation of powers. The share of resources going to the military and security services should be reduced. • Capacity for public financial management needs to be strengthened at all levels of government. Many problems that the Commission on Audit (COCA) encounters are related to weak PFM practices (particularly internal audit and financial planning) elsewhere in government. • Wages and salaries are low throughout the public sector, which can contribute to corruption. • Legislation and regulations that are crafted in ambiguous ways or open to differing interpretations can also lead to problems with corruption. Also, by-laws and regulations are not always consistent with underlying legislation. Even when the quality of legal drafting is good, many laws are not implemented in their entirety. • There is a lack of awareness and education among the public as to what constitutes corruption and what types of behavior are inappropriate, particularly with regard to nepotism. • Mechanisms for accountability are weak or underdeveloped, including both internal and external audit. Many COCA reports, for example, can be delayed by as much as two years, making it difficult to draw firm conclusions. • Press freedom needs to be enhanced, as increased transparency will be key to winning the broader struggle against corruption. • Social safety nets need to be enlarged and expanded.
[Legislature]	<ul style="list-style-type: none"> • There is no real separation among legislative, judicial and executive power. The present divisions are superficial and decorative. Some parliamentarians complained that at times members are not allowed to express their opinions by the Speaker. Often, the government "ignores resolutions by the parliament" and the parliament does not effectively carry out its regulatory, monitoring and control functions. • The prevailing mentality within government institutions and among influential individuals does not respect laws and regulations. • Government institutions lack appropriate mechanisms to support effective anticorruption actions. Some high ranking

Respondent Type	Consultation Reply
<p>[Representatives from Civil Society]</p>	<p>officials either lack a proper understanding of corruption and the forms that it takes or are themselves involved in corrupt activities. According to one parliamentarian, Government allows generic discussions of “corruption” but does not allow any linking of corruption to specific corrupt persons. The official media and press only accuse the opposition of corruption.</p> <ul style="list-style-type: none"> • Issues of broader civil service reform, and in particular the need for enhanced meritocracy within government, are fundamental and will require more sustained attention to implement. • Several participants focused on the notion that in Yemen the major issue is political corruption, which enhances the present widespread administrative, economic and financial corruption in all sectors. Petty corruption is also a concern, but one that should be manageable by improving government systems and more proactively weeding out civil servants who engage in it. • One participant stated that the judiciary is not honest and the judicial system is infiltrated by the security forces. • There are no job descriptions of the civil service posts, no criteria for the selection of personnel, no transparent process of announcing jobs to allow for competition on the vacant posts. Hence selection is based on political, tribal, interest groups or other under-nationalistic affiliations. For instance, a participant quoted that “official reports mention that at present only 16% of the civil service employees are university graduates.” • The center of all decision making is at the presidential palace, which acts as a major obstacle facing any intended anticorruption action. It also forms a constraint to real delegation of authority and decentralization. • The ruling politicians conceive that they own the country and its resources and they are not simply there to govern. Thus they consider the opposition political societies and civil society organizations as foes and not as partners. • Annual reports of the Central Organization for Control and Audit (COCA) demonstrate the magnitude of corruption. The government takes no action against those who are reported as embezzlers of public funds, particularly if they are influential. • Government institutions lack capacity in the management of natural, human and financial resources. Low wages do not provide adequate incentive to qualified personnel. At the same time, low wages encourage employees to engage in corrupt behavior. • Freedom of the individual is absent and the freedom of the non official press is very limited <p>Women and the youth are excluded from the decision making process.</p>

Respondent Type	Consultation Reply
[Private sector]	<ul style="list-style-type: none"> The private sector emphasized that weakness in educational system outputs does not support the entry of qualified personnel in management and accounting into the labor market. Yemen's investment environment is repulsive rather than attractive to investors. Some tribal, military and political groups make the transaction cost of new investment too high.
[Media]	<ul style="list-style-type: none"> The main challenge facing Yemen, according to one participant, is poverty which leads individuals to make use of their positions in the administration to become corrupt. Another disagreed, noting that corruption has not been eradicated in the countries of the Persian Gulf even though civil service salaries are much higher. Tax and custom duties evasion and cheating in the tendering of projects are major challenges. They cost Yemen US\$1 billion annually. The GoY pays only lip service and rhetoric concerning governance and anticorruption. The last donors meeting in London resulted in some pressure upon the Government led to issues some legislation on corruption. However, the reform agenda is still not taken seriously. The Government is unable to manage resources effectively or to successfully prosecute corrupt individuals—particularly those with close ties to the ruling party, who are often above the law. The Government lacks practical anticorruption programs. Corruption is rife in certain tenders, and also in the Social Fund and Social Protection Fund.
[Donor Community]	<ul style="list-style-type: none"> Some donors expressed concern that Yemen's current administrative system is so tolerant of corruption that those who opposed it were either eased out or sidelined. It is unclear whether adequate political will exists to change. Others expressed concern that a "culture of corruption" was developing not just within government, but within society as a whole, that would make any effort to eradicate corruption particularly problematic. The justice system within Yemen is in particular need of reform.
<p>2. Promising areas of governance and anticorruption reform and potential obstacles</p>	
[Government]	<ul style="list-style-type: none"> Yemen's national agenda has a heavy emphasis upon governance reform, which is essential in ensuring that scarce developmental resources are allocated to their highest and best use. The GoY has taken a number of important steps recently to advance good governance and combat corruption. The Government has signed the United Nations Convention Against Corruption (UNCAC) and ratified it in 2005. It has

Respondent Type	Consultation Reply
[Representatives from Civil Society]	<p>recently passed legislation establishing an independent anticorruption agency. Work is underway preparing new procurement legislation.</p> <ul style="list-style-type: none"> • In the Justice sector, the GoY is currently investing heavily in training and capacity building, particularly for female judges. Training of senior judges on new legislation is going forward. A number of corrupt judges have been fired or transferred. • Information technology is also being applied to basic administrative procedures and practices, such as the use of e-tendering in procurement. The Ministry of Finance is implementing a Financial Management Information System and the IMF's GFMS 2001 standard for budget classification. • Greater support is needed for PFM issues. • <i>Budget Allocations.</i> Efforts should be made to reduce expenditure on military and security and increase allocations for education and health services. • <i>Support Monitoring, Auditing and Control Institutions.</i> Interventions are needed to enhance transparency in all government institutions, particularly with regard to financial transparency. Capacity building is needed for parliamentarians, auditors, and civil society organizations. Access to information by such institutions is paramount for combating corruption. • <i>Support the Development of a National Strategy for Governance and Anticorruption (NSGAC).</i> The participants underscored the need for a comprehensive (NSGAC), whose drafting should be supported by Bank specialists in close collaboration with the civil society organization and political parties • <i>Enhance the Empowerment of Women.</i> Strengthen the participation of women in political life. Socioeconomic and human resource development is necessary particularly in rural areas, and must be enhanced through integrated programs designed and implemented in collaboration with civil society organizations. • <i>Design and Implement Measures to Eliminate Money Laundering.</i> The mechanism should focus on banking operations and exchange corporations, the drug trade, and arms trade. These illegal transactions contribute to corruption. • <i>Education.</i> The education system is very weak. Outputs do not match the needs of the labor market. Reform is urgently needed in the education system to attain a host of development objectives. • <i>Support for Establishing a Parallel Entity to the Recently Formed "Anticorruption Authority".</i> The recent law on anticorruption passed by Parliament establishes an Anticorruption Authority. The choice of staff to oversee and work in this agency will be very important. There should also be a parallel independent entity on anticorruption. Such an entity must be

Respondent Type	Consultation Reply
[Private sector]	supported in terms of access to information, protection and immunity.
[Media]	In helping to combat corruption in the private sector, improvements in auditing and control are required. Within Yemen, more transparency, freedom of the press and freedom of expression are needed to help take the struggle against corruption forward.
[Donor Community]	<ul style="list-style-type: none"> • The overall timing is ripe for progress on this issue. The recent presidential elections were fought on the issue of anticorruption, and the new law has the President's blessing. • Issues of civil service reform will be absolutely essential for Yemen's future governance reform agenda, including reducing red tape and streamlining and rationalizing the size of the public sector, even though the latter will be politically difficult. • The selection of the overseers for the new anticorruption agency will offer a critical test of the Government's intentions in this area. This process will unfold over the next 1-2 months, and it needs to be conducted in a way that is fair, open and transparent. • The GoY's 2005 reform agenda is a very important document and represents a great leap forward, although without immediate impact. It encapsulates a large number of important reforms that are worthy of donor support, although donors will need to be selective in light of funding and capacity constraints.
[Government]	<p>3. How the Bank should engage where governance is weak, and circumstances under which to disengage</p> <ul style="list-style-type: none"> • The Bank strategy should focus less upon disengaging from countries where governance is weak than increasing the amount of resources available for governance and public management reform in countries where institutions are underdeveloped yet the Government is committed to reform. Otherwise, these countries will be locked in a vicious cycle of poverty, poor governance and rampant corruption. • Within Yemen, poverty is the root cause of many governance problems and challenges. Poor countries that are heavily aid dependent are likely to bear the brunt of this strategy, since others who have access to alternative sources of capital will go elsewhere if they disagree with Bank policies or conditionalities. Countries that struggle with issues of governance because they are poor or at earlier stages in their institutional development should not be unduly punished by the strategy.

Respondent Type	Consultation Reply
[Legislature]	The Bank should not disengage with countries that are struggling with corruption, but should use conditionality in its lending to leverage positive change.
[Representatives from Civil Society]	<ul style="list-style-type: none"> • The Bank's paper focuses too extensively upon issues of governance and corruption in its projects. The Bank should be proactive in engaging the Government on issues of corruption as a part of its overall development agenda. • A few participants questioned the Bank's objectivity in pursuing the anticorruption agenda, noting that the Bank was only concerned about corruption when it involved countries pursuing a path towards private sector led growth. The Bank is not supportive of mixed or socialist economies. • Bank conditionalities should be utilized to strengthen the independence of both COCA and the judiciary.
[Media]	The Bank should focus on poverty alleviation as its core mandate. It should not withdraw from countries where corruption is a fundamental concern. An analogy would be a doctor refusing to treat patients who were too sick. The Bank needs to be patient and flexible.
[Donor Community]	A number of donors, such as DFID, supported the strategy. However, they also believe that poverty reduction is key to the Bank's mandate, and we need to find ways to remain engaged even when the overall environment is weak and difficult to operate in.
4. How to ensure fair and consistent treatment across countries	
[Government]	<ul style="list-style-type: none"> • The topic of ensuring impartial evaluation is of particular concern to Yemen. How can we ensure neutral and unbiased assessment, based on the most accurate and up to date information? A number of recent governance assessments of Yemen have been based upon inaccurate and antiquated information, and they have not reflected the latest generation of reforms.
[Media]	The Bank must be clear about the conditions surrounding its support.
5. How to strengthen the Bank's work with champions of reform outside the executive branch of government – parliament, judiciary, civil society, media and the private sector	
[Government]	<ul style="list-style-type: none"> • The GoY welcomes Bank efforts to expand its engagement to incorporate other interlocutors beyond the

Respondent Type	Consultation Reply
	<p>Government, particularly those who have information about how projects are being implemented on the ground. In addition to central government, the Bank should engage with regional and local governments in helping to combat corruption.</p>
[Legislature]	<ul style="list-style-type: none"> • The Bank needs to strengthen Parliament’s capacity to oversee and audit government expenditure. • The Bank also needs to work proactively with civil society groups and not focus simply on Government, lest it be perceived as siding with those who are corrupt against the broader wishes of the people.
[Representatives from Civil Society]	<ul style="list-style-type: none"> • The Bank should strengthen and expand its work with civil society, and broaden its dialogue with the private sector and political parties as partners in addition to government. • The Bank needs to help build capacity within civil society organizations to monitor progress on the ground. • The ruling party has rejected the concept of community participation in government projects, which could have been a valuable tool to increase transparency, reduce corruption and enhance sustainability at the local level. • The GAC consultations are taking place only in Sana’a, and do not reflect regional differences and variations throughout the country.
[Media]	<p>The Bank should engage with other constituencies, including civil society and the media, in helping to combat corruption.</p>
[Donor Community]	<p>There was a consensus upon the importance of moving beyond traditional “supply side approaches” to improved governance and public management towards focusing upon the “demand side” as well.</p>
<p>6. How to mitigate fiduciary risk in Bank operations?</p>	
[Legislature]	<ul style="list-style-type: none"> • The Bank often doesn’t follow up carefully in the implementation of its loans. More robust monitoring is necessary.
[Representatives from Civil Society]	<ul style="list-style-type: none"> • The Bank should design its projects and programs on a demand driven basis involving the target communities in the process as partners. • Participants remarked that a number of WB funded projects do not meet the needs of local communities and their design needs to be improved. Most of the funds go for vehicles, buildings and foreign specialists, and the sub-components are often over-designed and too expensive. Technical assistance and training outputs are measured in

Respondent Type	Consultation Reply
	<p>terms of quantity rather than quality. For example, in one project it was mentioned that 200 Yemenis were trained in English, but in fact the training was inadequate and those who went through the program had only rudimentary English language skills.</p>
[Media]	<ul style="list-style-type: none"> • Bank programs should be designed in a manner that protects their implementation from corruption. The Bank should be an example to the Government and other donors in this area. • The Bank should develop control mechanisms to prevent corruption and the diversion of expenditure rural areas. For example, the Bank could help bring civil society and NGOs into project management—particularly with regard to monitoring progress in remote areas.
<p>7. The Bank's role vis-à-vis other donors in supporting governance reform</p>	
[Legislature]	<ul style="list-style-type: none"> • The Bank needs to work closely with other donors to ensure that they send consistent signals to the Government. They should collaborate in bringing in international standards in monitoring and evaluation.
[Representatives from Civil Society]	<p>Donor coordination will be very important for this agenda. Donors need to use conditionalities to send consistent signals to the Government about the need for reform.</p>
[Donor Community]	<ul style="list-style-type: none"> • The donor community uniformly welcomed greater Bank engagement on issues of governance and anticorruption. The agenda is a rich one, and close coordination will be important. Donors need to speak with one voice. The Bank has an important role to play in helping to coordinate this agenda within the donor community here in Yemen. • Coordination should follow on areas of mutual comparative advantage. For example, it is clear that the Bank is prohibited by its Articles of Agreement of working on political issues, such as campaign finance reform or political party development. But many bilateral donors can work on these issues. • Issues of prioritization and sequencing will be essential in Yemen. The key reforms are a small group stretched thinly over a number of critical issues. Under such circumstances, the prioritization and sequencing of reforms will be very important. • At a minimum, donors should avoid practices that actually harm the GoY. These include pulling talented Yemenis out of Government departments to staff project implementation units; paying exorbitant salaries to such staff; not following up proactively to ensure that they pay taxes, etc. The donor community needs to set a strong example. • Many of the most pronounced problems with corruption involve Yemeni resources. Donor efforts need to be

Consultation Reply	
Respondent Type	<p>geared to ensuring broader financial accountability across the board and not just focus on our own projects.</p> <ul style="list-style-type: none"> Is there scope for more joint analysis on the part of donors? Very little analytic work, for example, has been done in identifying the costs of corruption and the sectors where it is most prevalent.
8. How to monitor progress in governance and anticorruption at the country level	
[Government]	<ul style="list-style-type: none"> To avoid the danger that the use of indicators will be politicized, they should be established and monitored separately from decisions regarding aid allocation and project funding. The use of such indicators needs to be adjusted to a country's unique historical context, circumstances and overall development trajectory; they should not be applied mechanically. The Bank needs to more thoroughly check the accuracy of information that it utilizes in compiling its indicators. The GoY needs to be more proactive in marketing the reforms it has taken. One step towards this end will be the preparation of a paper on recent reforms in the Justice sector. There was agreement that the GoY also needs to upgrade its capacity in monitoring and evaluating governance improvements, including how indicators are utilized by donor organizations. For example, there is currently only one staff within the Ministry of Planning tracking how CPIA indicators are prepared and utilized. In light of the resources involved, more management and staff attention should be devoted to this exercise.
[Representatives from Civil Society]	<ul style="list-style-type: none"> The Bank should assist in developing indicators for good governance in areas such as: (1) judicial independence; (2) compliance with the law; (3) transparency and accountability; (4) government efficiency; and (5) control of corruption. The Bank should assist in evaluating development plans in terms of the real social and economic conditions and the potential success of implementation
[Media]	<p>The Bank needs to be clear regarding the criteria surrounding lending decisions, and when it would elect to draw back from engagement.</p>
[Donor Community]	<p>More work need to be done in strengthening the GoY's capacity to monitor progress at all levels, including both global governance indicators and those involving strategic and operational performance at the agency level. The GoY needs help in gathering, analyzing and monitoring data.</p>

Respondent Type	Consultation Reply
9. Areas for improvement in GAC strategy and country-level support	
[Government]	<ul style="list-style-type: none"> • The Bank needs to be more actively engaged in strengthening core public management within Yemen, including modern management practices, strategic planning and internal audit and control. • The Bank also needs to be closely engaged in supporting the creation of the new independent anticorruption agency. • When it comes to concrete recommendations, the Bank's strategy is often vague in detailing how it will help countries interested in reform to translate their achievements to concrete progress on the ground. • There are a number of areas within Government where significant progress is being made. The Bank needs to support and build upon these centers of excellence. • Is the Bank going to devote adequate resources to implementing the strategy, particularly in countries that are confronting significant challenges, such as Yemen?
[Legislature]	<ul style="list-style-type: none"> • The Bank needs to be more engaged in strengthening the independence of the judiciary. • The Bank should support the drafting of revised guidelines for the Tax Department.
[Representatives from Civil Society]	<ul style="list-style-type: none"> • The Bank needs to support high-quality analytic work on where corruption exists in Yemen and how it can best be combated. • The Bank needs to insist upon the reform of COCA. The Bank should also more closely review COCA reports, particularly those addressing ministries, departments and sectors where the Bank is active. • The Bank should support reforms in the electoral system • The Bank should support civil service reform. • The Bank should carefully scrutinize the Government budget, particularly in the areas of health and education.
[Private sector]	<ul style="list-style-type: none"> • The Bank should work with the Government to help develop an appropriate taxation system to encourage investment.
[Media]	<ul style="list-style-type: none"> • The Bank needs to clearly understand the broader institutional and societal roots of corruption in Yemen. • The Bank should facilitate access to information concerning its global policies, studies and programs.
[Donor]	<ul style="list-style-type: none"> • For some reason, the website listing blacklisted firms is not accessible externally.

Respondent Type	Consultation Reply
Community]	<ul style="list-style-type: none"> How is the Bank going to staff up in meeting the requirements of this strategy? Are 50 investigators in the Department of Institutional Integrity enough? Are additional resources going to be reallocated to support stronger programming and supervision in this area?
	<p align="center">10. Other key issues</p>
[Government]	<p>Several government officials noted their preference for having the Ministry of Planning be the nodal ministry to monitor and evaluate progress on the anticorruption agenda.</p>

D. Consultations for the World Bank Group 2009 Country Assistance Strategy

The main objective of consultations on the 2009 CAS was to solicit feedback from the government, civil society and donors to be used as inputs into the preparation of the World Bank Country Assistance Strategy for 2009. These consultations were conducted by the World Bank on March 11, 2009,⁷ in Sana'a and March 15, 2009, in Aden. The main themes of the draft CAS were presented in English with simultaneous translation in Arabic, and feedback was incorporated into the final document.

Invitations, lists of invitees and participants, and minutes for each of these consultations are included below.

(1) Stakeholder Consultation for 2009 CAS, Sana'a, March 11, 2009

⁷ A member of the Advisory Board for the Yemen Observatory for Human Rights was in attendance (#17 on the list of participants).



The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
World Bank Office in Sana'a - Yemen
Middle East Department
Middle East & North Africa Region

Hadda Area
Street Number 40,
Off Damascus Road
Sana'a, Republic of Yemen

Tel.: 413-708
413-710
Fax: 413-709

March 7, 2009

To:

(Distribution List Attached)

Subject: Country Assistance Strategy Consultations – Yemen
March 11, 2009- Shahrn Hotel

I would like to inform you that the World Bank is planning to have Country Assistance Strategy (CAS) Consultation meetings with key donors, civil society, the private sector and government officials in Yemen during March 2009.

The meeting for civil society has been scheduled for Wednesday, **March 11, 2009**. The agenda will include a retrospective review of lessons learned from the FY2006-2009 CAS, and the main features of a proposed FY2010-2013 CAS. Open discussions will follow.

Meetings will be held at Shahrn Hotel and will be followed by lunch.

Looking forward to your active participation.

Sincerely yours,

Benson Ateng
Country Manager

List of invitees: Stakeholder Consultation for 2009 CAS, Sana'a, March 11, 2009



THE WORLD BANK

البنك الدولي

CAS Consultations – Civil Society List of Invitees

Sana'a March 11, 2009 –Shahran Hotel

NO.	NAME	TITLE	Designation
1.	--	--, Population and Health Committee	Parliament
2.	--	--, Finance Committee	Parliament
3.	--	--, Information and Culture Committee	Parliament
4.	--	--	Parliament
5.	--	--, Public Freedoms & Human Rights Committee	Shura Council
6.	--	--, Hayel Saeed Group	Private Sector
7.	--	--, General Investment Authority	Private Sector
8.	--	--, Shaheer for Marketing	Private Sector
9.	--	--, ----- Property Developm (Shibam Holding)	Private Sector
10.	--	--, Yemen and Gulf Bank	Private Sector
11.	--	--, Thabet Brothers Group of Companies --, Skills Development Fund	Private Sector
12.	--	--, Cultural Development Programs Planning Foundation	NGO
13.	--	Civic Democratic Foundation	NGO
14.	--	--, Yemen Women Union	NGO
15.	--	--, SOUL	NGO
16.	--	--, Al-Tahadi NGO	NGO
17.	--	--, Al Majd foundation	NGO
18.	--	--, Shabab Al reef	NGO
19.	--		NGO
21.	--	--, Al-Saleh Welfare Society	NGO
22.	--	--, Al-Islah Foundation	NGO
23.	--	--, Center for Strategic Studies	Academia
24.	--	Sana'a University Dr.	Academia
25.	--	Academia/Gender Consultant	Academia
26.	--	University of Sana'a	Academia
27.	--	Sana'a University	Academia

NO.	NAME	TITLE	Designation
28.	--	Sana'a University	Academia
29.	--	Saba News Agency	Media
30.	--	--, Yemen Times	Media
31.	--	--, Women Journalists Without Chains	Media
32.	--	Yemen Post	Media
33.	--	Al-Ahalai	Media
34.	--	Al Syassiah	Media
35.	--	Yemen Observer	Media
36.	--	Media Economic Forum	Media
37.	--		Youth
38.	--		Youth
39.	--		Youth
40.	--		Youth
41.	--		Youth
42.	--		Youth
43.	--		Youth

List of participants: Stakeholder Consultation for 2009 CAS, Sana'a, March 11, 2009

**CAS Consultations with CSO in Sana'a – Shahrhan Hotel
Attendance List, March 11, 2009**

NO	Name	Organization	Signature	Emails
1.	--	Saba News	--	--
2.	--	26 September Newspaper	--	--
3.	--	Saba News Agency	--	--
4.	--	Embassy of Japan	--	--
5.	--	World Bank	--	--
6.	--	IFC	--	--
7.	--	Shibam Holding	--	--
8.	--	Shibam Holding	--	--
9.	--	WB	--	--
10.	--	University	--	--
11.	--	CDF – Civic Democratic Foundation	--	--
12.	--	Shoora Council	--	--
13.	--	FYCCI	--	--
14.	--	Community Youth Development, --	--	--
15.	--	Parliament	--	--
16.	--			
17.	--	Yemeni Observatory for Human Rights	--	--
18.	--	Tamkeen Foundation for Rural Youth	--	--
19.	--	WB	--	--
20.	--	Life Makers Forum	--	--
21.	--	All Girls Society for Dev.	--	--
22.	--	(in Arabic)	--	--
23.	--	Al Majd Org	--	--

NO	Name	Organization	Signature	Emails
24.	--	Youth Leadership Development Foundation	--	--
25.	--	Al Mustaqbal Charity Association	--	--
26.	--	Soul for Development	--	--
27.	--	Ministry of Youth and Sports	--	--
28.	--	The Manga School	--	--

Minutes: Stakeholder Consultation for 2009 CAS, Sana'a, March 11, 2009

Civil Society Consultation Meeting on the World Bank CAS (FY10-13)

Minutes of meeting

A civil society's half-day consultation meeting on the draft CAS took place in Sana'a on Wednesday March 11, 2009. A list of attendants and the presentation is attached to these minutes.

Benson Ateng, WB Country Manager, made a brief presentation on the role of CSOs as well as the history of their relationship with the Bank, summarized the CAS and consultation process and presented the proposed CAS.

It is worth noting that the attendance was very high, in particular by youth organizations, and the spirit of the discussions was very constructive. The CSOs were passionate about the challenges facing their country and the potential impact of the CAS. The meeting's overall reaction was of appreciation for the participatory approach to CAS preparation as well as the willingness of the Bank to involve CSOs in the CAS implementation itself. Their specific comments in the discussions which followed touched upon:

1. Dialogue and partnership with CSOs. While the meeting appreciated the Bank reaching-out to CSOs, it called for an increase in the partnership and dialogue during the CAS implementation. Some participants expressed their wish to be heavily involved in the assessment, supervision and evaluation process of the CAS.

2. Results and vision. Participants inquired as to the results of the previous three CASs and the quantitative targets of this specific CAS. They expressed their feeling that the objectives of the Bank were not changing over time illustrating the lack of progress and failure of Government's reforms in areas such as PSD and civil service reform since 1995. They asked to receive copies of the evaluation of the previous CAS. Some CSOs noted that the document was not expressing clearly enough its vision as to what it intends to achieve at the end of the CAS period.

3. Activities and prioritization. CSOs appreciated the focus on health and education, the management of natural resources (mining and fisheries) and the Governance agenda. There was a lively discussion as to which pillar was the most important and the anti-corruption agenda seems to come out as the winner. The participants regretted that the anti-poverty, youth and employment priorities were not obvious in the document and that provision were not made for funding of small businesses. In particular, they strongly regretted that the multi-sectoral Children Youth Strategy, which was mainly sponsored by the Bank, was not being supported. The meeting also pinpointed specific crucial reforms such as the issue of inheritance for women.

4. Context. Some participants felt that the gravity of the socio-economic and governance situation was not well reflected in the relevant sections of the CAS.

5. IDA allocation. Most participants expressed their dissatisfaction with the small size of the IDA allocation given the level of poverty in Yemen, the size of its population and the numerous areas that the Bank wishes to tackle through the CAS.

Next steps: After having answered along with the attending Bank staff, to many of the points raised during the meeting, in his concluding remark, the CM thanked the participants for their presence and reminded the meeting of the Bank's commitment to working with the Civil Society. Currently, the CAS is scheduled for Board presentation at the end of May 2009.

(2) Stakeholder Consultation for 2009 CAS, Aden, March 15, 2009

Invitations to the Aden consultation for the 2009 CAS were issued in Arabic. Because the letter is similar to that used for invitations to the Sana'a consultation, the Arabic version of the Aden invitation letter is included below.

Invitation to Stakeholder Consultation for 2009 CAS, Aden, March 15, 2009

To:

**Subject: Country Assistance Strategy Consultations (CAS) – Yemen
March 15, 2009 – Aden Mercure Hotel**

I would like to inform you that the World Bank is planning to have a Country Assistance Strategy (CAS) Consultation meeting with key donors, civil society, the private sector, and government officials in Yemen during March 2009.

The meeting for civil society has been scheduled for Saturday, March 15, 2009 in Aden Mercure Hotel, during from 08:30 am to 02:00 pm.

The meeting agenda will include a retrospective review of lessons learned from the FY2006-2009 CAS, and the main features of a proposed FY2010-2013 CAS. Open discussions will follow, then lunch will take place at the hotel.

Looking forward to your active participation.

Sincerely yours,

Benson Ateng
Country Manager

List of invitees: Stakeholder Consultation for 2009 CAS, Aden, March 15, 2009

**World Bank Country Assistance Strategy Consultation
In Aden With
Civil Society Organizations March 15, 2009**

List of Invitees

CSO		
1.	--	NGO
2.	--	NGO
3.	--	NGO
4.	--	NGO
5.	--	--, HR Association
6.	--	--, Solidarity Association for Development
7.	--	Yemeni Women Union
8.	--	--, Aden's Women Association for Family Development
9.	--	Adeni Women Association
10.	--	Arab Foundation for Women and Children
11.	--	Poverty Alleviation Association
12.	--	--, Electronic Community Association
13.	--	Yemeni Center for HR/ Al-Thahdeeth Newspaper
14.	--	Al-Islah Charitable association
15.	--	Women Association for Sustainable Development
16.	--	Aden's Women Association for Family Development
17.	--	GTZ Private Sector Improvement Project
18.	--	Al-Zahra Development Association
19.	--	NGO
20.	--	NGO
21.	--	NGO
22.	--	Women/Gender activist
23.	--	NGO
24.	--	Local Administrator
25.	--	Al – Fardoos Association
26.	--	Fisher folk Association
27.	--	NGO
28.	--	NGO
29.	--	NGO
30.	--	NGO
31.	--	Al – Madar Social Studies Center
32.	Human Rights Studies Center	NGO

List of participants: Stakeholder Consultation for 2009 CAS, Aden, March 15, 2009

**Attendance List on CAS Consultations – CSO – Aden Mercure Hotel
March 15, 2009**

Contact	Title	Name
--	Household Woman Relief Center – in place of --	--
--	Youth	--
--	D.G.LEDD	--
--	LEDD	--
--	Arab Institution for Woman Issues Advocacy	--
--	Al-firdaous Woman Development Association	--
--	Youth	--
--	Yemen Center for Human Rights Studies	--
--	Yemen Center for Human Rights Studies	--
--	Youth	--
--	World Bank	--
--	Aden Fishermen Association	--
--	Al-Hiswah Woman Development Association	--
--	Al-Hiswah Woman Development Association	--
--	Yemen Woman Union - Aden	--
--	Societies Union	--
--	Rural Youth Enablement Institution	--
--	www.youth22.com	--
--	Al-Amal Development Association	--
--	Yemen Youth Union - Aden	--
--	Youth And Child Care Association	--

				24
--	AI-Husainiah Fisherman Association		--	25
--	AI-Hiswah Woman and Environment Development Association		--	26
--	AI-Mawaddah Woman Development Association		--	27
--	AI-Hiswah Woman and Environment Development Association		--	28
				29
--	Aden University Students Union		--	30
--	Culture an Art Development Association - Aden		--	31
--	Madar Center for Social Studies		--	32
				34
--	AI-Kaisah Fisherman Association		--	35
--	Sustainable Woman Development Association		--	36
--	AI-Mustaqbal Charity and Development Association		--	37
				38
--	Attadhamon Woman Association		--	39
--	Meeting coordinator		--	40
				40
--	Mabarar Brotherhood and Cooperation Association		--	41
				42
--	Attadhamon Development Association		--	43
--	Child Rights Association		--	44
--	Widyaan Community Development Association		--	---
--	Attadhamon Development Association		--	---
--	Maternity and Child Center		--	---
--	AI-Haisah Fisherman Association – Al-Buraiaqah District		--	---

--	AI-Rahma Child Mental Care		--	45
--	Ajyaal Alghad Youth Association		--	46
--	AI-Haisah Fisherman Association		--	47
--	Damt Culture Forum		--	48
--	Aden University – Faculty of Arts		--	49
--	Aden University – Faculty of Economy		--	50
--	--, Planning, Development and Finance Committee - Al-Buraiaqah District		--	

--	--	Jamman Association	--	51
--	--	Aden social Charity Association	--	52
--	--	Yemen Sustainable Environment Development Association	--	53
--	--	Jamman Dentists Charity Association	--	54
--	--	Society Electronic -Association, --	--	55
--	--	Safe Childhood Center	--	56
--	--	Human Rights Legal Advocacy Rehabilitation Center	--	57
--	--	Lawyers Union - Aden	--	58
--	--	--, Lawyers Union	--	59
--	--	Civil Tendency Advocacy Institution	--	60
--	--	Al-Aidarous Woman Development Association	--	61
--	--	Al-Aidarous Woman Development Association	--	62
--	--	Madar Center for Social Studies	--	63
--	--	Yemen Youth Union - Aden	--	64
--	--	Yemen Human Rights Studies Center	--	65
--	--	Social Welfare Fund	--	66
--	--	Journalist	--	67
--	--	Aden Civil Tendency Advocacy Institution, --	--	68
--	--	Youth And Child Care Association	--	69

Aden Civil Society Consultation meeting on the World Bank CAS (FY10-13)

Minutes of meeting

A civil society's half-day meeting on the proposed CAS took place in Aden on March 15, 2009. English-Arabic translation was provided. A list of attendants and the presentation are attached.

Benson Ateng, Country Manager presented the role of CSOs and the history of their relationship with the Bank, summarized the process and presented the proposed CAS.

The attendance was very high (about 60 participants) and diverse and the spirit of the discussions was very constructive. The CSOs were very interested in discussing the development challenges faced by Yemen and the potential impact of the CAS. The meeting's overall reaction was of appreciation for the Bank's initiative to involve CSOs in its preliminary consultations. Their specific comments in the discussions which followed touched upon:

6. IDA visibility and impact in Aden Governorate. The meeting expressed its feeling that the Bank's support is not translating into concrete progress in the Governorate. They also inquired on whether or not the Bank had provided any help in the context of the devastating October floods. They urged the Bank to (i) improve its monitoring and evaluation systems; (ii) track the use of Bank funds; as well as (iii) ensure that the decentralization agenda remains central.

7. IDA allocation and size of interventions. Some participants expressed their disbelief that the amount of IDA allocation planned for the next four years could make a difference. They also expressed their wish that the Bank would make available smaller grants directly to CSOs.

8. Activities. CSOs highlighted the importance of youth, marginalized groups, gender, employment, qat consumption regulation (particularly for children), corruption, historic sites preservation, culture, and micro-finance priorities. They urged the Bank to bring comprehensive responses to these issues and particularly regretted the lack of a youth sub-component. Finally, the meeting reminded the Bank of the importance of Gulf 20 for Yemen's regional image.

9. Education and employment. The meeting reminded the Bank that education in Yemen is de-facto not free, an impediment to development particularly for rural and poor communities. Additionally, employment opportunities for graduates are quasi-inexistent leaving them unemployed for numerous years after graduation. The meeting suggested that vocational training education could play a positive role.

10. Role of CSOs. The meeting expressed that CSOs could assist in better targeting – in ensuring that funds reach the real beneficiaries by being closely involved in project implementation. The CAS has regrettably focused only on the government machinery for distribution of benefits and the role of CSOs has been overlooked.

11. Implementation mechanisms. Many participants expressed their doubt in the capacity of the Government to implement the projects planned particularly in regards to Health and Education.

12. Dialogue and partnership with CSOs beyond CAS consultation. While the meeting appreciated the Bank reaching-out to CSOs in the consultation of the CAS process, some participants indicated that they had already participated in the 2006 CAS preparation and felt their input was not considered in the

finalization of the document. They also asked the meeting to share the results of the previous CAS evaluation.

13. Economic context. Some participants noted their concerns as regard to the international economic crisis and its impact on the Yemen's economy and wondered if the CAS had been prepared ahead of the crisis. Others suggested that Yemen was a "failing state" and wondered effectiveness of CAS in such a context. They felt that only 'manufacturing sector' could be a source of development in this context, rather than natural resources and agriculture. They also expressed their impression that the country was passing through a severe employment crisis while the economy was shrinking which required a major 'out of box' intervention.

Next steps: After having answered along with Frank Sader (IFC), Naji Abu-Hatim and Arun Arya (WB) to many of the points raised during the meeting the CM thanked the participants for their presence and reminded the meeting of the Bank's commitment to working with the Civil Society. Currently, the CAS is scheduled for Board presentation at the end of May 2009.

**ANNEX 3
YEMEN 2006-2009 COUNTRY ASSISTANCE STRATEGY RESULTS MATRIX**

Country Development Goals	Issues and Obstacles	CAS Outcomes/Indicators	Milestones	Bank Program and Partners
PILLAR 1: DIVERSIFYING GROWTH THROUGH BETTER GOVERNANCE AND BETTER DELIVERY OF PUBLIC SERVICES Increasing non-oil growth as measured by growth rate of non-oil GDP	(i) (a) Improving Business Regulatory Environment: New Business Registration	Reduction of minimum capital requirements to regional average and time to register to less than 30 days	Revise laws and regulations to reduce cost and time required to establish a new business Implement streamlined systems procedures and revise regulations if necessary by December 2007	Ongoing Activities: Lending: Port Cities Development APL I, Higher Education LIC, Southern Governorates, IIP APL I, Sana'a Basin Water Management, Rural Access APL Phase I, SFD III
	(i) (b) Improving Business Regulatory Environment: Tax Policy and Administration	Increase in revenues reported for tax purposes from 45% (in last ICA)	Amended tax code and Introduction of new Tax Code Procedures Act in conformity with international norms: Conduct comprehensive review of corporate tax policy and incentives	Non-Lending: Investment Climate Assessment, IFC PEP-MENA Advisory Services, FIAS
	(i)(c) Improving Business Regulatory Environment: Customs and Inspections	Increased efficiency (4 days customs clearance and 50% reduction in number of days of inspections)	- Government policy on standards and frequency of inspections - Implementation of customs reform program	New Activities Lending: Rural Access APL- II, Fisheries, Rainfed Agriculture and
	(i) (d) Improving Business Regulatory Environment: Land Titling and Registration	Improved property rights for land as measured by 20% increase in land	Revise land registration law to better define process and make it legally conclusive; Strengthen administration of land	Livestock Development, Institutional Reform Credit, Vocational Training II, Power Sector, Rural Energy
Weak property rights protections and high levels of conflict and fraud	Improved property rights for land as measured by 20% increase in land	Revise land registration law to better define process and make it legally conclusive; Strengthen administration of land	Livestock Development, Institutional Reform Credit, Vocational Training II, Power Sector, Rural Energy	

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
	<p>registration capture rate and 20% decrease in land related court cases in two pilot cities</p>	<p>allocation and registration starting with urban areas Initiate systematic land titling in pilot areas Improve legal framework to facilitate greater use of land as collateral</p>	<p>Access, Rural Electrification and Renewable Energy Development (GEF), PRSC-I</p>	
	<p>(ii) (a) Improving Road Infrastructure Long time and high cost of transport lead to lack of access to markets, high cost of consumables and inability to access social services</p>	<p>Improved rural access as measured by reduced isolation for 1 million persons in rural areas (per baseline and targets in Rural Access Program)</p>	<p>Improved policy framework and institutions in road construction and maintenance through: introduction of output based contracts for road maintenance (950 km of primary and secondary roads); plan prepared for development of road sector contractors and consultants; establishment of modern road management system. Public investments in rural roads</p>	<p>Non-Lending: Gas Incentive Framework Study, Technical Assistance for Land Registration, Investment Climate Assessment Update</p>
	<p>(ii) (b) Improving Power Infrastructure Legal framework raises accountability and transparency issues & discourages private investment Lowest electrification rate in MNA region (40%) and in rural areas (20%). Significant Renewable Energy resources remain unutilized.</p>	<p>More reliable power supply on main grid as measured by higher customer satisfaction, smaller fluctuations and reduced supply failures (per baseline & targets defined in Power Project) Improved electrification rates for rural areas Demonstrated use of renewable energy</p>	<p>Improved legal and regulatory framework through: (i) regulatory arrangements to be established after new Electricity law approved by Parliament; (ii) National Rural Electrification Strategy by end 2006; (iii) Renewable Energy Strategy (in 2006) and Action Plan (in 2007). Investments in model service delivery systems in rural electrification to start thereafter. Pilot/demonstration schemes on wind energy and PV based Solar Home Systems. Public investments in grid power supply.</p>	<p>Donor Activities: EU fisheries project, IFAD Agriculture, Islamic Development Bank power sector project, French support & expected US support to judicial sector reform, Yet-to-be- identified Donor Trust Funds for Land</p>

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
	<p>(iii) (a) Improving Skills Through Technical Education and Vocational Training</p> <p>Public investment not matching demand or recurrent funding capacity; private sector involvement negligible; lack of effective mechanisms for employer participation.</p>	<p>Employer-responsive training programs in public training institutes. Strengthened private sector capacity to identify, finance and meet in-service training needs (baseline and targets to be established under Second Vocational Training Project)</p>	<p>Financial and economic analysis of the sector conducted. Skills Development Fund with operational autonomy under private sector leadership. Increased involvement of employers in new pre- and in-service training programs.</p>	
	<p>(iii) (b) Improving Skills Through Higher Education</p> <p>Higher education not delivering quality professionals. Lack of strategic vision. Constraints on universities to improve service quality.</p>	<p>Higher education reform strategy developed with changes in finance, governance and quality assurance mechanisms fully articulated</p>	<p>Approval of a strategic plan and multi-year development program - Development plans and linked program budgets for Sana'a and Aden universities</p>	
	<p>(iv) (a) Improving Regulatory Framework and Public Investments in Key Sectors: Irrigated Agriculture</p> <p>Low productivity resulting from inadequate maintenance of and low farmer involvement in and contribution to spate</p>	<p>Increased productivity of irrigated agriculture in 90,000 hectares of spate irrigated lands (per baseline and targets in Irrigation Improvement Project)</p>	<p>Effective Participatory Irrigation Management associations for spate irrigation established through formation of Scheme Water User Federations and Water User Associations. Public investment in spate rehabilitation. Increased efficiency of and higher returns</p>	

Country Development Goals	Issues and Obstacles	CAS Outcomes/Indicators	Milestones	Bank Program and Partners
	irrigation		to agricultural water use in the Sana'a basin.	
	(iv) (b) Improving Regulatory Framework and Livestock	Increased household revenues for supported rural families through cash or in kind benefits from agriculture & livestock (baseline and targets to be defined in implementing RALD project)	Improved local policy framework and institutions through efficient livestock services delivery, effective seed growers associations, functioning rural producer groups and functioning para-veterinary professionals in 5 governorates.	
	Low revenues from rainfed agriculture resulting from low yielding seed varieties; lack of organization to produce and market crops or livestock products (fresh or processed) and lack of livestock quality services			
	(iv) (c) Improving Regulatory Framework and Public Investments in Key Sectors: Fisheries	Increased productivity as measured by average fish size and prices for fish (per baseline and targets in the Fisheries Project).	Improved policy framework and implementation arrangements through 9 Governorate Fisheries Management Plans; 70 fish auction sites are managed by local cooperatives; and increased investment in 20 fishing sites.	
	Low productivity due to lack of planning, research, fisheries management, infrastructure and institutional capacity			
	(iv) (d) Improving Regulatory Framework and Public Investments in Key Sectors: Gas Sector	Improved legal and regulatory framework	Improvements in legal and regulatory framework to encourage greater private sector participation in exploration, production, distribution and domestic utilization of gas.	
	Lack of clarity in property rights over gas extracted and lack of gas markets.			

Country Development Goals	Issues and Obstacles	CAS Outcomes/Indicators	Milestones	Bank Program and Partners
	(iv) (e) Improving Regulatory Framework and Public Investments in Key Sectors : Urban Manufacturing Job creation does not keep pace with high urban growth of 7%	Private sector commitment to developing at least one industrial estate	Improved policy framework and institutions in industrial estate development through regulatory framework for Industrial Estates Strategic investments in port cities clusters	
PILLAR 2: ACCELERATING HUMAN DEVELOPMENT THROUGH MORE EFFICIENT SERVICE DELIVERY AND IMPROVED SAFETY NETS				
Improving Human Development as measured by progress towards achieving relevant Millennium Development Goals	(i) Improving access, equity and quality of Basic Education Although enrolments have been increasing steadily, universal access goals still not achieved. Significant gender disparities especially in rural areas and among disadvantaged. Quality remains poor and illiteracy rates rank among highest in world.	Improving access, equity and quality of education & training as measured by: - Increasing gross enrolment ratios to 84% - Increasing ratio of girls to 45% of enrolments. - Grade 9 female completion ratios increased to 50%	Construction of 3,293 schools; Rehabilitation of 2,100 schools; Retrofitting 3,292 schools for the handicapped; Student-teacher ratio (public schools) increased to 28:1; Non-wage expenditures increased to 20% of recurrent spending; Inclusive education mission statement developed.	Ongoing Activities Lending Activities: Child Development, Basic Education Expansion, Basic Education Development, Health Sector Reform Support, Third Social Fund for Development, Third Public Works Project, Urban Water Supply APL Phase I, Rural Water Supply and Sanitation
	(ii) Improving Access and Quality of Health Lack of access to and use of basic health services, especially due to the poor quality of maternal and child health and reproductive health services, and inadequate design and	Improved access to and utilization of basic health services and public health programs focused on maternal, reproductive and child health. as measured by: % of fully immunized	In project intervention areas: % of deliveries attended by skilled birth attendants increased by 5% (from a baseline of 22%). % of households with at least one insecticide-treated net (ITN) increased by 5 % (baseline to be established during HRSP restructuring). Increased physical access to and	Non-Lending Activities: Water Technical Assistance, WBI New Activities Lending: Social Development, PRSC-I

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
	implementation of public health programs to address priority communicable diseases affecting the health of mothers and children.	children 12-23 months increased by 5% (from a baseline of 50%). Contraceptive Prevalence Rate increased by 5 % (baseline to be established during HRSP restructuring).	utilization of maternal and child health services (baseline and target to be established during HRSP restructuring).	
	(iii) Improving Safety Net Programs Safety net programs are limited in scope and coverage and need targeting improvement Lack of a comprehensive understanding of the cross-cutting nature of disability issues	Improved safety net targeting as measured by amount of resources transferred to lowest three income deciles and improved targeting categorization Strategic framework to address disability issues	40 percent of Social Fund for Development resources go to lowest three income deciles 6.8 percent increase in income from short-term employment through PWP program	Non-Lending: Technical Assistance on Children & Youth, Technical Assistance on Disability, Social Protection ESW, Gender Status Update (FY09), WBI
	(iv) Improving Water Supply and Sanitation Low access to water and sanitation services	Improving access to urban water supply and sanitation services by 20% Access to improved water services increased from 68% to 73% in rural areas. Access to improved sanitation services increased from 20% to 30% in rural areas	Local water and sanitation corporations established and financially viable in Sana'a, Taiz, Hodeidah and Mukallah New Rural Water Supply & Sanitation (RWSS) Strategy, based on Demand Responsive Approach (DRA), approved. Long-term national RWSS investment program ready for implementation. Water User Associations in 5 governorates efficiently managing rural water supply schemes	Donor Activities: EU, Germany, Netherlands, UK, UNFPA, UNICEF, US, WHO, Arab Fund, Kuwait, IFAD, IsDB, Netherlands, OPEC, Saudi Arabia and US), WFP, France, ILO

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
	(v) Children & Youth	Children & Youth Strategy to provide integrative framework Outcomes for children & youth are included in relevant HD outcomes	Children & Youth Strategy is implemented through various Bank projects in relevant programs and Early Childhood Development Strategy & Plan and Youth Employment Plan prepared by 2008.	
	(vi) Gender	Improved gender parity as measured in other HD outcomes above	Improved gender outcomes from various Bank projects in relevant programs	
PILLAR 3: IMPROVING FISCAL SUSTAINABILITY THROUGH IMPROVED PUBLIC EXPENDITURE MANAGEMENT				
Increasing fiscal sustainability as measured by reduced non-oil primary fiscal deficit	(i) Improving Revenue Transparency			
	Publication of oil revenue data is undertaken without formal oversight by civil society	Publication of oil and gas revenue data in line with EITI requirements	Take necessary steps for Yemen to join the Extractive Industries Transparency Initiative and thereafter meet EITI publication requirements	Ongoing Activities Lending Activities: Irrigation Improvement Project APL Phase I, Rural Water Supply and Sanitation, Civil Service Modernization Project, Port Cities Development Program, Public Works Project III, Taiz Municipal Development & Flood Protection Project Non-Lending Activities: Water Sector TA
	(ii) (a) Improving Expenditure Management			
Lack of a Medium-Term Expenditure Framework linking budgets to PRSP High proportion of funds approved through supplementary budgets Expenditure	Improved public expenditure outcomes: - Medium-Term Expenditure Framework consistent with PRSP - improved budget comprehensiveness and transparency (as measured by PEFA	Improved medium-term expenditure planning in line with PRSP Improved periodic evaluation of outcomes of public expenditure Reduce subsidies to and contingent liabilities of public enterprises (particularly Public Electricity Corporation) Reduce government contribution for spare irrigation to zero		

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
	outcomes not systematically tracked	indicators)	RWSS schemes are recovering user charges for adequate O&M	
	(ii) (b) Improving Expenditure Management: Reduced fuel subsidies are high (at 10% of GDP)	Reduced subsidies in line with macro-economic framework in PRSP	Reduced fuel subsidies Reduced incentives to over-extract water by further reductions in diesel subsidies (for irrigation)	New Activities: Lending: Institutional Reform Credit, PRSC-I
	(iii) (a) Public Sector Reform – Central Government Low government effectiveness and pervasive corruption resulting from ineffective management systems, large and underpaid civil service, unfocused mandates and ineffective business processes in government ministries and agencies.	Improved ability to manage human and financial resources through the development of a medium-term human resource strategy. Net reduction of Govt. employment by 5%. Improved service delivery in seven ministries measured through service delivery surveys Strengthened institution managing public sector reform process	HR database including biometric verification and linked to payroll is operational HR resource strategy identifying functions and optimal number of civil servants. New wage structure reducing compression & increasing wages within fiscal affordability Organization structures streamlined and business processes improved in seven pilot ministries New center of excellence training institution to help with change management process. New Law on anti-corruption and Financial Disclosure Bill approved; independent national anti-corruption entity established; National Corruption Record functioning; Hotline to report cases of corruption and protect whistleblowers Manuals/guides for government services and fees published Full implementation of biometric system Well functioning civil service fund for	Non-Lending: Public Expenditure Review, EITI Technical Assistance, PFM TA, Procurement TA, WBI

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
			<p>retrenchment of surplus workers Implementation of pilot ministry re-engineering studies in 2-3 key ministries and customs</p>	
	<p>(iii) (b) Public Sector Reform – Local Government</p> <p>Weak local council and administration capacity to fulfill functions under the Local Administration Law (2000) Poor urban planning resulting in sprawl and higher cost of infrastructure services.</p>	<p>Improved Local Administration planning capacity as measured by preparation of plans for 2007 and availability of administrative premises by 2007</p>	<p>Completion of updated city masterplans and multiyear capital investment plans in Taiz, Hodeida, Mukallah and Aden by December 2006 Adoption of National Training Program Strategy & Curriculum for Local Administrations by December 2006; and capacity building plans for 50 local councils. Taiz local government capacity to deliver basic services (Asset Management Unit operational, solid waste management strategy operational Dec 2006) 15 Local Council Buildings built and furnished by December 2006.</p>	<p>Other Donors: Netherlands, UK Cities Alliance, UN Habitat, UNDP France, Germany, Italy, Netherlands, UK, UNDP, US</p>
	<p>(iv) Improving Public Procurement</p> <p>Lengthy procurement processes, payment delays, conflict of interest, inadequacy of complaint mechanism to report potential fraud/corruption cases and weak capacity</p>	<p>Improved public procurement processes as measured by - legally established and well functioning restructured and autonomous HTB - UNCITRAL type arbitration provisions adopted - public disclosure of procurement decisions and financial</p>	<p>National Procurement Manual and Standardized Bidding Documents approved for use by all public agencies Monitoring and tracking system to enhance timeliness and transparency of tendering process. Public Tender Law amended to restructure the High Tender Board to separate regulatory and policy functions; incorporate UNCITRAL provisions; and institutionalize public disclosure of procurement, financial disclosure of officials and reporting of conflict of interest.</p>	

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
		disclosure by procurement officials	Procurement skills capacity building commencing in FY07	
	(v) Improving Public Financial Management	Improved public financial management including - account preparation and internal auditing; - external scrutiny and audit Progress to be measured utilizing PEFA indicators Strengthening of Accountancy and Auditing Profession (as per ROSC recommendations).	Public Debt Management Bill approved External auditing law amended to ensure COCA's independence from the executive branch. Mechanisms established to have COCA reports released to the public Implement Public Finance Management strategy Full implementation of Accounting and Financial Management Information System (AFMIS) Implement ROSC recommendations, after discussion, including improving legal framework consistent with International Standards	
COUNTRY DEVELOPMENT GOAL 4: INCREASING RESOURCE SUSTAINABILITY THROUGH IMPROVED MANAGEMENT OF WATER RESOURCES AND REDUCED POPULATION PRESSURE				
Increasing resource sustainability	(i) Improved Water Resource Management Groundwater being extracted at rates higher than aquifer recharge Insufficient involvement of communities in local water resource management Flash flooding in Taiz with loss of life and property	Increased number of water basin committees and community-level user associations participating in water conservation; and increased investment in irrigation improvement technologies in all basins [baselines and targets to be computed	Establish a groundwater management framework and institution to manage local water resources sustainably through capacity building of government institutions and community groups Accelerate aquifer recharge in Sana'a basin by slowing water table declines Improve water use efficiency and increase farmer's returns to water through adoption of water saving technologies, rehabilitation of small to medium spate irrigation schemes, terrace rehabilitation, bank protection works and other water	Ongoing Activities: Lending: Sana'a Basin Water Management APL Phase I, Groundwater & Soil Conservation, Taiz Municipal Development & Flood Protection, RALD, TA, Health Reform Support Non-Lending: Health Sector TA New Activities:

Country Development Goals	Issues and Obstacles	CAS Outcomes/ Indicators	Milestones	Bank Program and Partners
		<p>during the CAS cycle through on-going LEN activities]. Reduced impact of flash flooding on citizens, property and infrastructure in Taiz (per baseline and targets in Taiz Mun. Dev. & Flood Protection Project.</p>	<p>and soil conservation activities Improved soil conservation and water harvesting in rainfed areas Completed drainage investments in City of Taiz.</p>	<p>Water Sector TA Lending: Population II, Girls Secondary Education, PRSC-I</p>
	<p>(ii) Improved control over population growth Lack of access to contraceptives, low status of women and high female illiteracy rate.</p>	<p>Contraceptive Prevalence Rate increased by 5 % (baseline to be established during HRSP restructuring). Share of girls in grade 10-12 enrollments increased to 37%</p>	<p>Population milestones described in Pillar 2, CAS Outcome 2. Secondary Education Strategy is adopted; Program developed to increase supply of female teachers for rural areas. Life skills and other applied subjects included in secondary curriculum.</p>	

ANNEX 4
BIBLIOGRAPHY OF ANALYTICAL WORK UNDERPINNING THE IRDPG

The following is an excerpt from the IRDPG Program Document, page 18. Each of these documents is on file in the Yemen Country Unit at World Bank headquarters (MNACS).

ANALYTICAL UNDERPINNINGS

The IR DPG components are based on both prior analytic work and extensive dialogue with key Government counterparts, local stakeholders (including members of civil society), country experts, and other donors. Key analytic underpinnings to the IR DPG include the following:

- Republic of Yemen, Ministry of Planning and International Cooperation. *The Socio-Economic Development Plan for Poverty Reduction (2006-2010) October 2006.*
- The World Bank. *Yemen Economic Monitoring Report* (Washington: August 2006)
- World Bank. *Country Assistance Strategy -- Republic of Yemen* (May 17, 2006).
- World Bank. *Republic of Yemen -- Investment Climate Assessment: Priorities and Recommendations for Accelerating Private-Led Growth* (May 12, 2006)
- World Bank. *Development Policy Review* (March 2006)
- World Bank Group, *Doing Business 2007* (Washington: World Bank Group, 2006)
- World Bank. *Yemen Urban Land Policy and Administration Policy Note* (2006)
- United States Department of Commerce US. Department of State, *Investment Climate Statement - - Yemen* (Washington, DC: 2006)
- World Bank. *Economic Growth in the Republic of Yemen: Sources, Constraints and Potentials* (Washington, DC: World Bank. 2002)
- World Bank. *Comprehensive Development Framework for Yemen* (2000)
- World Bank. *Project Appraisal Document for a Civil Service Modernization Project* (March 23, 2000)
- World Bank. *Country Financial Accountability Assessment (CFAA)* (2003)

ANNEX 5
LETTER FROM THE BANK'S ACTING COUNTRY DIRECTOR TO THE GOVERNMENT OF YEMEN ON
STAKEHOLDER CONSULTATIONS



The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION
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December 5, 2006

H.E. Mr. Abdul Karim Al-Arhabi
Minister of Planning & International Cooperation
Ministry of Planning & International Cooperation
Sana'a - Republic of Yemen
(Transmittal by Fax: 011-967-1-250-665)

Excellency:

We would like to express our appreciation for the support and assistance provided to the World Bank Mission which visited Yemen to pre-identify elements of an Institutional Reform Credit (IRC) for the Government of Yemen. In particular, we would like to gratefully acknowledge the leadership of your Ministry and the guidance provided by the Vice Minister, Dr. Yahya Y. Al Mutawakel.

As you are aware, a Development Policy Credit of \$50 million was programmed under the CAS. The mission was successfully able to develop the outlines of potential components of this operation as described in the attached Aide Memoire.

We would like to propose a preparation mission during the second week of December which would also be led by the team leader, Andrew Stone, to work on the details of each component, the schedule of actions associated with the credit, and related activities. If the timing is acceptable to you, we would also greatly appreciate the assistance of your Ministry in coordinating the counterpart team as was done during the previous mission.

Finally, we wanted to inform you that the preparation of a Development Policy Credit requires consultations with key stakeholders on the design of the operation. We are planning to utilize Mr. Stone's proposed December mission to conduct such consultations.

I look forward to our continuing cooperation.

Sincerely yours,

Gaiv Tata
Acting Director

Egypt, Yemen and Djibouti Country Department
Middle East and North Africa Region

ANNEX 6
GOVERNMENT OF YEMEN'S LETTER OF DEVELOPMENT POLICY FOR THE IRDPG

Mr. Andrew H. W. Stone
Senior PSD Specialist
World Bank

7 oct. 2007

Dear Mr. Stone

Please find attached the LDP signed by the Prime Minister.
We will send the original copy to the WB Office in Sana'a.

Looking forward hearing from and hope will see during the
Annual Meeting.

Best regards

Dr. Mutahar Al-Abbasi
Deputy Minister, MOPIC
Sanaa, Yemen



Tel: 00967 1 250 114
Fax: 00967 1 250 120
Mobile: 00967 777 000 127

Cc.. Dr. Mrza H. Hasan Ph.d, Executive Director, the World Bank



الرقم: P.M/50/4541
التاريخ:
الموافق: 6 Oct 2007

الجمهورية اليمنية
رئاسة مجلس الوزراء

Letter of Development Policy

Mr. Robert Zoellick
The President -The World Bank
Washington, D.C., USA

Dear Mr. Zoellick

Since 1995, Yemen has been implementing a comprehensive macroeconomic and structural reform program with support from the World Bank and the International Monetary Fund, to strengthen fiscal discipline and create a market economy conducive to investment and growth. The proposed **Institutional Reform Development Policy Credit (IRDPC)** is another instance where the Bank's support could play an instrumental role in ensuring the continuity and success of our structural reforms program.

Structural Reform Program: Objectives and Progress

Following a period of slow-down caused by internal and external security challenges, our reform efforts accelerated beginning in late 2005, as underscored by the adoption of the **Third Socio-Economic Development Plan for Poverty Reduction (DPPR)** for 2006-10 (which is also our PRSP). The government's reform program, as articulated by the DPPR, focuses on six core areas: bringing steady improvement in economic growth; reducing poverty and raising the quality of life; promoting good governance; reducing regional and gender disparities; enhancing decentralization; and broadening the participation of civil society. In addition, it emphasizes efficient mobilization of resources; stressing the need for the completion of the Economic, Financial, and Administrative Reform Program (EFARP); combating corruption; limiting the role of the state; and enhancing the regulatory environment for the private sector to take a lead. In the financial sector, it sets focus on promoting open market policies and strengthening the intermediating role of the financial institutions. It also intends to support and modernize the banking sector and financial institutions at central and local levels.

To tackle poverty, the DPPR identifies a number of reforms in the areas of macroeconomic policy, governance practices, trade policy, and sectoral policies. It also lays out an ambitious agenda for human resource development, including measures to improve education and health, improve and augment public services, and strengthen social protection. Finally, the DPPR broadly lays out measures to improve and conserve water supply, protect the environment and strengthen basic infrastructure.

To attain our growth and poverty reduction goals in the short-run, in early 2006 the Government (with strong support from donors) put into place its **National Reform Agenda (NRA)**, an ambitious reform program aimed to address a number of the key development



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challenges. The stated overall objective of this agenda is to improve Yemen's investment climate and strengthen its governance and democratic institutions.

The NRA encompasses concrete measures designed to improve public financial management and reform procurement, public audit, governance, debt management, fiscal policy, and the business regulatory environment. Since the adoption of the NRA, we have embarked on and accomplished reforms in the many areas, some of which have been directly supported by the **Institutional Reform Development Policy Credit (IRDPC)**. These reforms include:

- Simplification and reduction of tariffs, and the introduction of ASYCUDA.
- Simplification of the tax system and introduction of a General Sales Tax.
- Separation of the judiciary from the executive branch
- Introduction of various anti-corruption measures, including an anti-corruption law, a national anticorruption authority (Supreme National Authority to Combat Corruption--SNACC), and a financial disclosure bill for public officials.
- Introduction of a national procurement manual, standard bidding documents governing public tenders, and a new public procurement law consistent with international standards.
- Strengthening our Public Financial Management through the launch of a comprehensive strategy (PFM Action Plan) and Partnership Agreement with donors.
- Initiating a Public Administrative Reform program, including a re-engineering program in pilot Ministries, a strategy to rationalize wages and link them to institutional reforms and a biometric identification program aimed to eliminate ghost workers and double dippers.
- Strengthening of electoral democracy and press freedom.
- Accession to the Extractive Industries Transparency Initiative.

I am pleased to say that our efforts have been successful in addressing either fully or partially some of the most difficult and unpopular issues, particularly with regards to implementing the new sales tax system, reducing fuel subsidies, reforming trade tariffs, and moving ahead with the biometric identification system of civil servants, which can ensure a smooth transition to a sustainable development path. A significant number of the items on the NRA agenda have been completed, while others are progressing satisfactorily. The annex table highlights our current reform program, covering measures completed over the last two years, and those planned over the next twelve months

The IRDPC will come at a critical time by providing the government with the resources and flexibility needed to ensure that the momentum for reform is sustained and rapid progress can continue. It will signal the World Bank's confidence in our reform program to investors, donors and our citizens.



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Macroeconomic Framework

The Government's PRSP establishes ambitious goals for macroeconomic policy, including:

- An annual average rate of economic growth of 7.1% (10.1% for the non-oil GDP).
- Maintaining monetary stability with the annual inflation rate below 13.8% and the broad money supply growth below 22% on average.
- Maintaining the fiscal deficit at less than 3% of the GDP; while raising public non-oil revenues on the order of 40-45% of total revenues; and increasing investment spending to reach 30% of total public expenditure.
- Reducing poverty rates at the end of the planning period to about 19.8%, lowering unemployment to 12%, and increasing the share of female labor to 15% of the total.

Macroeconomic performance in 2006, the first year of the Plan, fell short of these objectives. Several factors negatively influenced performance, including a sharper-than-expected decline in domestic oil production, continued geopolitical tensions in the region, regional drought conditions that drove up the price of some agricultural commodities, and continued internal conflicts in the North of Yemen. As a result, GDP grew by a moderate 4% during 2006, while inflation increased unexpectedly well beyond our target. On the other hand, the year 2006 witnessed an improvement in our overall fiscal position, where we realized a small surplus for the first time since 2001. In addition, the balance of payments recorded a surplus of about 1 percent of GDP, despite a surge in imports of capital goods.

In 2007, we expect real GDP growth to slow to 3.3 percent, owing to a sharp fall in oil production of more than 12 percent. Despite the overall moderation in growth, the non-oil sector will maintain its strength at about a 5.5 percent growth rate, reflecting the sustained increase in capital spending, both from private and public sources. Meanwhile, inflation is expected to ease to less than 13 percent, which despite the improvement, remains above the average for the years 2000-2005 of 10.6 percent and raises concerns over its negative implications for growth and the standards of living of the poor. The fiscal balance for 2007 is expected to show a deficit of around 5 percent of GDP, primarily reflecting the continued decline in oil production and the rising cost of remaining fuel subsidies.

Controlling inflation and improving fiscal sustainability. Macroeconomic stability is critical to reaping the benefits of the Government's ongoing reform program. With inflation in 2006 and 2007 climbing well above our targeted level, and the primary non-oil deficit exceeding 25 percent of GDP, the Government agrees with the Bank and Fund that Yemen today faces two key macroeconomic challenges:

- Controlling inflation;
- Ensuring fiscal sustainability.



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The Government is committed to tackle these challenges through tighter fiscal and monetary policies. On the monetary side, this will require more active policies and with more diverse instruments. On the fiscal side, it will necessitate prudence in expenditures policies, particularly subsidies and wages, and increase non-oil revenues.

To control inflation, and in consultation with the IMF Article IV mission of June 2007, the Government will take the following steps:

- Resume the issuance of T-bills, beyond the needs to finance the government's budget deficit, in order to absorb excess liquidity. This will help to moderate money supply growth.
- Continue to issue Central Bank CDs, as an additional measure, to control money supply growth.
- Adhere strictly to the National Wage Strategy Phase II, which requires completion of specified public administrative reforms as a prerequisite to the next round of salary increases.
- Explore options to streamline budgeted capital spending following the start of (off-budget) development projects financed from last year's CG donors' pledges.
- Finally, the Central Bank will review international experience and consider the use of foreign exchange interventions as an instrument to curb inflation while preserving long-term competitiveness and building reserves.

To meet the challenge of fiscal sustainability and prepare for the impending depletion of our oil reserves, we will need to make large adjustments in terms of both expenditures and revenues, including the following steps:

- Re-engineer and reform the Social Welfare Fund, and merge other funds with similar mandates, to improve its targeting of the poor.
- Once the redesign of the social safety net is completed, gradually move to eliminate the petroleum subsidy.
- Modernize tax administration to improve compliance and efficiency.
- Use tax policy to increase non-oil revenues substantially, including through the gradual increase of the GST in the medium term.
- Substantially reduce exemptions and tax holidays from the corporate income tax, while lowering the rate to 20 percent, so that it could be made broader and more equitable.

With these measures, we will establish a stable and sustainable basis for growth and poverty alleviation. Additional measures, supported by the IRDPC, will further enhance conditions for growth through investment climate reforms, public administrative reforms and strengthened public financial management.



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Commitments under the proposed Institutional Reform Credit

In specific relation to our current dialogue with the Bank, we would like to confirm that we will be undertaking measures aimed at improving public administration and enhancing the climate for private sector development, by pursuing following reforms:

Public financial management and public procurement. We have given central priority to the modernization of public financial management (PFM). In this area, we will undertake reforms to improve budget preparation and implementation, with related actions that will bring a new Financial Law and restructure the Ministry of Finance in line with international standards. We will also seek to strengthen the budgetary control through more effective internal and external auditing functions, with related actions including the establishment of a road map to implement internal audit in the GOY, and the passing of a new legislation to improve the governance and transparency of COCA, the external audit body.

We recognize the continued reform of budget management and information systems is vital to reducing fiduciary risk and strengthening performance. New planning and management tools, including our first ever Public Investment Program (PIP) and the planned Medium-Term Expenditure Framework (MTEF), will strengthen coherence and discipline in the use of public resources. We will continue to strengthen the capacity of the Ministry of Finance's budget functions, as well as the institutional basis and functioning of external and internal audit functions.

In addition to the foregoing, we will undertake reforms to enhance the public procurement system in the following areas:

- a. The Minister of Finance has already issued a directive requiring key spending ministries to use of the National Procurement Manual and Standard Bidding Documents (SBDs) for all public tenders. This will subsequently be extended to all public agencies.
- b. Consistent with the Government's commitment, a new procurement law that conforms to international standards has been approved by Parliament in July 2007, and efforts are currently underway to draw and implement its executive by-laws.
- c. To implement the provisions of the new procurement law, Government will restructure the High Tender Board (HTB) to assure its independence as a technical body overseeing government contracts above a defined threshold. In parallel, under the new law, we will create a separate procurement policy and monitoring board to address policy, monitoring, dispute resolution, and capacity building issues. It will utilize the new procurement tracking system (PMIS) as a monitoring tool. All these reforms are to be in place by Nov. 30, 2008



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Public Administration Reform. Strengthening public administration, improving service delivery, and reducing corruption and waste form an integral part of our program. Under the Civil Service Modernization Program, good progress has been achieved. However, further reform and re-engineering of institutions, incentives, staffing and oversight systems will be required, both to motivate better performance and attract skilled workers, and to maintain fiscal restraint. Our agenda in this area will focus on the following issues:

- a. Enact a civil service program, with adequate budget allocations to support the Civil Services Fund (CSF) over the period 2008-2010. This step has already been completed in July 2007, with the Cabinet approving the Civil Service Fund program and its necessary budget allocation.
- b. Continue to implement, throughout the period to Nov. 30, 2008, the CSF work program, that includes the transfer of the programmed number of staff from selected line ministries to the Fund.
- c. Continue rigorous adherence to the National Wage Strategy (under the Wage Law of 2005), that requires agencies to meet defined institutional reform criteria before making future salary increases.
- d. Continue efforts to build a comprehensive and operational computerized database for public sector employees based on the biometric civil servant identification system, by December 2007.

Hydrocarbon revenue transparency. Given the significance of hydrocarbon revenue to the budget, transparency in this area is a vital to achieving better governance and accountability and improving the general performance of public financial management. In this regard, we will seek to implement international standards through the following sequence of measures:

- a. Join the Extractive Industries Transparency Initiative (EITI), which we have already announced our commitment to its principles, through a public letter to its management.
- b. Achieve, with the support from international donors, the institutional and procedural measures prescribed by EITI that include:
 - Publishing, in publicly accessible, comprehensive, and understandable manner independently audited accounts that document all significant revenues and payments to the Government or State enterprises from oil, gas, and mining companies operating in Yemen.
 - Establishing, in consultation with the oil and gas companies and civil society organizations, an ongoing process for full verification and publication of payments and revenues related to extractive industries.
 - Reconciling payments and revenues data for extractive industries by a credible independent administrator that uses international audit standards, and subsequently publishing the reconciliation report, with any discrepancies identified.

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Income tax and incentive reform. The Government of Yemen is committed to reforming the taxation system in order to create a better investment climate and strengthen non-oil fiscal revenues. We have already introduced a modern General Sales Tax (VAT), which is being phased in. We will now reform the corporate income tax system to lower rates and eliminate most exemptions; to apply international norms in the treatment of income, expenses, and investments; and to introduce self-assessment and risk-based auditing. To achieve these objectives, we are adopting a strategy that has three major components:

- a. We have conducted, with the technical support of FIAS, a comprehensive review of our current tax and incentive system. This will improve tax efficiency and equity, and strengthen incentives for investment.
- b. The Ministry of Finance has drafted and submitted to Cabinet a new Corporate Income Tax (CIT) Law that reflects international norms of treatment of income, investment, and expenses.
- c. Upon its enactment, we will subsequently implement the CIT Law by Nov. 30, 2008, as evidence by issuance of its executive regulations. We plan to accompany this with a comprehensive review of investment incentives following the recommendations of the tax and incentive study.
- d. We will continue to work to strengthen the capacity of the tax administration, in order to reduce discretion and abuse, and enhance revenue collection.

Land titling and registration reform. The weakness of property rights in Yemen is one of the most critical challenges to a better investment climate. We intend to create a system of secure and enforceable property rights, and remove ambiguity in titling which has led to investor uncertainty and legal conflict. Our efforts will target the following issues:

- a. The Council of Ministers has approved and submitted to Parliament a new land registration law reflecting the recommendations of the Land Policy Task Force, by September 2007.
- b. Pending Parliamentary approval of the Law, we expect to finalize the design and implementation of the executive by-laws by Nov. 30, 2008.
- c. Next, we will appoint an independent Registrar of Land.
- d. Finally, the Council of Ministers will issue an organizational decree defining the mandate and functions of the General Authority for Lands, Survey and Urban Plan (GALSUP).

Social and Environmental Safeguards

As we pursue the reforms described above, we recognize the importance of taking proper safeguards against any associated negative environmental and social consequences. Any negative impacts will be carefully monitored and further mitigating measures considered if results suggest the need for them.



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For example, concerning land titling, we recognize that while a better land registration law will reduce the haphazard occupation of land, it could also bring some negative environmental impacts from more intensive land development or the conversion of agricultural and/or environmentally sensitive land. To this effect, we will seek to improve land use planning and regulations. We will protect environmentally sensitive land by undertaking a clear classification, demarcation and registration of these areas as communal land resources (where appropriate such as pastures or wetlands) or as part of the State's public domain that is inalienable, on the basis of environmental assessment procedures. We will also take measures to mitigate the impact of the new land titling system on vulnerable groups, including the poor, those with informal perspective acquisition, occupancy-based rights to public land, and women in particular, who may not possess the adequate means and resources to access formal registration. For this, we will facilitate their registration and will amend the State Land and Real Estate Law and other laws the extent that it is necessary to eliminate any disadvantages to this segment of the society. In addition, we will monitor the impact of changes in land registration on vulnerable groups, and, as required, take remedial measures to ensure their welfare. The executive regulations of the land registration law will include a requirement that any systematic registration effort be preceded by:

- an analysis of the social and environmental impacts -- including base line surveys as appropriate,
- an identification of environmentally sensitive areas, and
- an identification of land occupancy patterns and vulnerable and affected populations within those areas.

Then mitigation measures would be designed to protect environmentally sensitive areas and vulnerable and affected groups.

Similar considerations will be given to the design of income tax reform, whereby we intend to ensure that the new system will not provide incentives for the rapid development of environmentally harmful projects. We plan, in this respect, to carefully monitor the effect of tax reform on the pattern of investment and its environmental consequences, and, if required, take remedial measures to address any negative consequences.

Finally, concerning civil services reform, we will maintain the severance payments at levels that will ensure adequate compensation to retrenched employees and establish a monitoring system to follow up on their status afterwards. Already, the first phase of the implementation of the wage strategy has increased civil servant's minimum wages dramatically, lifting many out of poverty.

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Conclusion

In conclusion, we would like to note that there is a new spirit in Yemen with a clear commitment to economic and institutional reforms that are necessary to achieve our development goals. In this respect, a new Cabinet was formed in April 2007 with the aim of accelerating and deepening reforms.

Overall, and as shown in the annex table, our efforts over the next two years will aim to achieve the following objectives:

- Monitoring the implementation of new laws that were passed, as well as expediting the ratification of laws under review.
- Continuing to deepen structural reforms, particularly in the areas of public financial management, regulatory business environment and competition, civil services and fiscal policy.
- Continuing to strengthen anti-corruption institutions and raise awareness on ethics and corruption issues amongst public officials and citizens as a whole.
- Improving political participation and public accountability by enacting elections of governors as well as members of the second chamber of the legislative branch.

In this regard, we remain firmly committed to implement the measures spelled out in the main body of this document - and in the attached policy matrix - by the specified dates. We also remain committed to maintain macroeconomic stability and fiscal sustainability over the medium-term through prudent fiscal and monetary management of the economy. Our commitment also means that we will not reverse policy reforms already achieved under the National Reform Agenda. We would like to ask the Bank's support, through this first development policy credit and beyond, so that our efforts continue and that the benefits of growth and good governance are shared by all the citizens of Yemen.

Yours sincerely,

Dr. Ali Mohamed Mojawar

Prime Minister



Annex 1. Current Reform Program in Yemen: Objectives and Progress

(As of 09/30/07)

Reform Area	Structural reforms that were done/ will be done	Status of implementation	Link to IRC
I. GOVERNANCE AND ANTI-CORRUPTION			
Yemen is placing strong emphasis on improving its ranking in governance indicators (WBI, TI), including rule of law, political stability and security. Targeting areas such as the rule of law, contract certainty, transparency in public procurement and the legal system, is expected to improve the investment climate and promote growth.			
Anti-Corruption	<ul style="list-style-type: none"> ▪ Conducting a national anti-corruption awareness campaign. ▪ Establishing an autonomous anti-corruption commission with broad mandates. ▪ Adopting a new disclosure policy to address the perception of conflict of interest (COI) in the handling of public procurement in the country 	<ul style="list-style-type: none"> ▪ <i>Done.</i> Campaign undertaken in June 06. ▪ <i>Done.</i> <i>Supreme National Authority to Combat Corruption (SNACC)</i> was established in June 07 following the selection of its members by Parliament ▪ <i>Done.</i> Parliament passed a Disclosure Law in July 2006, but application has been delayed pending the formation of SNACC. The law, though a step in the right direction, requires further revision to meet international GAC standards 	
Revenue Transparency	<ul style="list-style-type: none"> ▪ Joining the Extractive Industries Transparency Initiative (EITI), through the establishment of firm commitments for adherence to its principles. <p>Adherence to the EIT principles, including:</p> <ul style="list-style-type: none"> ▪ Publishing an independently reconciled report of all significant revenues and payments transactions from oil and gas between the government and companies, and in a publicly accessible, comprehensive, and comprehensible manner. ▪ Establishing, in consultation with the oil and gas companies and civil society organization, an ongoing process for full verification and publication of payments and revenues related to extractive industries. ▪ Reconciling payments and revenues data by a credible independent administrator, and using international standards. This approach to be extended to significant payments from all oil and gas companies including SOEs. 	<ul style="list-style-type: none"> ▪ <i>Done.</i> GOY has formally joined the EITI in August 2007, and started to implement the initial required measures. ▪ <i>Ongoing.</i> Ministry of Oil and Minerals has been designated to lead the EITI effort and a consultant has been appointed to help with the implementation issues. The publishing the first EITI Report is expected by Nov. 2008. ▪ <i>Ongoing.</i> Process is under development by the newly formed multi-stakeholder group for Yemen EITI. ▪ <i>Ongoing.</i> A sustainable reconciliation process will be established by the Yemen EITI group. 	<p>Trigger /TR1</p> <p>Trigger /TR2</p> <p>Action /TR2</p> <p>Action /TR2</p>

Judicial System	<ul style="list-style-type: none"> ▪ Eliminating the influence of the Executive Branch from the Supreme Judicial Council (SJC), and creating the Judicial Inspection Authority. ▪ Strengthening the oversight role SJC. ▪ Improving the capacity of the judges ▪ Improving court administration through automation 	<ul style="list-style-type: none"> ▪ Done. Amendments passed in June 2006 ▪ Ongoing. SJC brought several disciplinary actions against corrupt judges in 2006 and 2007. ▪ Done. Revised the law of the High Judicial Institute, and updated its curricula in 2006. ▪ Ongoing. Phased introduction of computerized court management system is underway. 	
<p>II. PUBLIC ADMINISTRATION</p> <p>Public administration needs strengthening in two major areas: public financial management (PFM) and civil service. In PFM, reforms aim to make the budget function more effectively; strengthen and decentralize the financial controls, and improve and increase the independence of the external auditing system. In the civil service sector, reforms aim to improve the delivery of public services and keep salaries within a range that is fiscally sustainable.</p>			
Civil Services System	<ul style="list-style-type: none"> ▪ Establishing a Civil Services Fund (CSF) ▪ Establishing for the Civil Service Fund (CSF) a program for 2007-2010, and aligning the budgetary allocation for 2008 to the proposed program. ▪ Establishing a computerized employee database including a biometric identification system, that covers all employees on the state payroll in all sectors ▪ Continuing to implement the CSF by transferring of the programmed number of staff from selected line ministries to CSF, in accordance with existing studies on this issue. ▪ Continuing to adhere to the 2005 Wage Law requiring agencies to meet defined reform criteria before making any future salary increases. 	<ul style="list-style-type: none"> ▪ Done. Fund was established in 2005. ▪ Done. Completed and approved by Cabinet in June 2007. ▪ Ongoing. Work on track with 80% percent already covered. Completion expected by end of 2007. ▪ Ongoing. Planned to continue implementation throughout 2007-2008 ▪ Ongoing. Planned to continue implementation throughout 2007- 2008 	<p>Trigger /TR1</p> <p>Trigger /TR2</p> <p>Trigger /TR2</p> <p>Trigger /TR2</p>
External Audit System	<ul style="list-style-type: none"> ▪ Improving the governance of the Central Office of Control and Auditing (COCA) in accordance with the INTOSAI guidelines. ▪ Making COCA's audit reports publicly available. ▪ Exposing COCA to peer reviews by reputable SAI 	<ul style="list-style-type: none"> ▪ Ongoing. A proposal was made for changes in COCA's law to comply with INTOSAI, including its reporting to Parliament and the terms of its president. A new law is expected to pass by Nov. 2008. ▪ Done. ▪ Planned. Review is expected to take place by Nov. 2008. 	<p>Action/TR2.</p> <p>Action/TR2</p>

Public Financial Management	<ul style="list-style-type: none"> ▪ Establishing a Public Financial Management Advisory Unit at MOF. ▪ Issuing Budget Implementation guidelines for 2007 budget. ▪ Monitoring the implementation of budget guidelines. ▪ Reviewing current budget practices, utilizing a public expenditure and financial accountability (PEFA) framework ▪ Improving budget classification and preparation and introducing forward estimates ▪ Consolidating the Extra Budgetary Funds in the State Public Budget. ▪ Establishing a treasury function in the Ministry of Finance ▪ Introducing a new Financial Law to Parliament designed to set broad regulations for preparing and implementing the budget. ▪ Reviewing the Public Investment Plan (PIP), and linking its process to the fiscal budget, in order to improve resources allocation. 	<ul style="list-style-type: none"> ▪ <i>Done.</i> ▪ <i>Done.</i> Guidelines issued in early 2007. ▪ <i>Planned.</i> A progress report will be issued by Nov. 2008. ▪ <i>Ongoing.</i> Work have commenced, and is expected to be completed by October 2007. ▪ <i>Ongoing.</i> GFS2001 system adopted for economic classification. 	<ul style="list-style-type: none"> Action /TR1 Action /TR2
	<ul style="list-style-type: none"> ▪ Preparing a Medium Term Expenditure Framework (MTEF) to strengthen the allocation of resources in line with DPPR objectives. ▪ Improving public internal financial control and automation ▪ Improving internal audit functions 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> Draft a law is expected to be approved by Nov. 2008. ▪ <i>Ongoing.</i> The IMF and US Treasury are providing technical assistance on this issue. ▪ <i>Ongoing.</i> Draft Law was prepared, and expected to be ratified in early 2008. ▪ <i>Done.</i> MOPIC revised PIP in Aug. 2007, ensuring fuller reflection of the DPPR and establishing a systematic process for the regular updating of the rolling 4-year PIP. ▪ <i>Ongoing.</i> MOF is planning to introduce MTEF by Nov. 2008. ▪ <i>Ongoing.</i> The government is expected to roll out AFMIS in the first quarter of 2008. ▪ <i>Ongoing.</i> GOY is expected to finalize plans to implement the new arrangements for internal audits function before the end of 2007. 	<ul style="list-style-type: none"> Action /TR2 Action /TR1 Action /TR2
	<ul style="list-style-type: none"> ▪ Restructuring MOF in line with international norms. 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> MOF has initiated a process to engage with the Ministry of Civil Service to restructure in line with international norms. Restructuring plans expected to be finalized by Nov. 2008. 	<ul style="list-style-type: none"> Action /TR2

Public Procurement	<ul style="list-style-type: none"> ▪ Enacting a new procurement law consistent with international standards. ▪ Implementing the National Procurement Manual and standard bidding documents (SBDs), first on pilot level, and then by all government agencies. ▪ Establishing executive regulations for the new procurement law. ▪ Restructuring the High Tender Board (HTB) by redefining its role as an independent institution with an oversight role over all government contracts, ▪ Establishing the procurement and tracking system (PMIS) for transactions in the High Tender Board (HTB) and line ministries ▪ Establishing Procurement Policy Monitoring Board to address policy, regulatory and capacity building issues, and apply and utilize the procurement tracking system (PMIS) for monitoring. ▪ Initiating online disclosure of procurement-related information 	<ul style="list-style-type: none"> ▪ <i>Done.</i> Completed. Revised law was passed by Parliament in July 2007. ▪ <i>Done.</i> Completed. Manual and SBDs were approved in April 2006. Training was held in July 2006 in pilot ministries. In Feb. 2007, HTB circulated instructions for compliance to spending ministries. MOF has issued similar circular for contracts below HTB threshold. ▪ <i>Ongoing.</i> Completion expected by Nov. 2008. ▪ <i>Ongoing.</i> Restructuring plans have been provided for in the new Law. Full implementation is expected before Nov. 2008 ▪ <i>Ongoing.</i> Feasibility /needs assessment study completed. Next phase requirements analysis on selected IT option to be completed by Nov.2007. Donors' funding for IT package earmarked ▪ <i>Ongoing.</i> Restructuring plans have been provided for in the new Law. Full implementation is expected by Nov. 2008. ▪ <i>Ongoing.</i> Website is under construction. 	<p>Trigger /TR1 Action/TR1</p> <p>Action/TR2 Action/TR2</p> <p>Trigger /TR2</p>
<p>III. MACROECONOMIC MANAGEMENT</p> <p>GOY is focusing on growth as a precondition for reducing poverty, and reducing inflation from its recent high level, through more prudent monetary and fiscal management. Budget deficits need to be maintained under control. Diversification is targeted to reduce dependence on oil, in the face of impending depletion of country's oil reserve.</p>			
Fiscal Policy	<ul style="list-style-type: none"> ▪ Reducing fuel subsidies ▪ Introducing a transparent formula for regular price adjustment of petroleum product and LPG. ▪ Setting up a clear goal to save on oil and gas revenues with the aim of controlling the primary non-oil deficit 	<ul style="list-style-type: none"> ▪ <i>Planned.</i> Domestic fuel subsidies were reduced once in July 2005. Further reductions are awaiting reforms to strengthen social protection schemes ▪ <i>Planned.</i> ▪ <i>Planned.</i> 	
Sales Tax And Tariffs	<ul style="list-style-type: none"> ▪ Replacing the sales tax system with a VAT system that lowers the rate to 5% and limits exemptions to a few basic consumption items. ▪ Strengthening the tax authority. ▪ Simplifying and reducing custom tariffs to bring the average down to less than 7 %. 	<ul style="list-style-type: none"> ▪ <i>Done.</i> The GST Law was passed in July 2005. Implementation has been gradual, but expected to be fully deployed by end of 2008. ▪ <i>Ongoing.</i> Increased staffing and training for tax authority was undertaken in 2006. ▪ <i>Done.</i> Changes made in July, 2005, reducing the bands from 4 to 3, with 71 percent of the commodities attracting only 5% tariff rate, and the un-weighted tariff rate falling to 6.6% 	

Income Tax *	<ul style="list-style-type: none"> ▪ Conducting a comprehensive review of current corporate income tax with the aim of improving efficiency of revenue generation and strengthening incentives for investment 	<ul style="list-style-type: none"> ▪ <i>Done.</i> Completed in May 2007 	Action /TR1
	<ul style="list-style-type: none"> ▪ Formulating a new CIT Law that reflects international norms of treatment of income, investment, and expenses. 	<ul style="list-style-type: none"> ▪ <i>Done.</i> Completed in May 2007, and currently before Cabinet for approval. 	Trigger /TR1
	<ul style="list-style-type: none"> ▪ Strengthening the capacity of tax administration to reduce discretion and corruption 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> 	Action /TR2
	<ul style="list-style-type: none"> ▪ Implementing the new CIT law, through the issuance of executive by-laws that meet international standards. 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> Expected completion by Nov. 2008. 	Trigger /TR2
Debt Policy	<ul style="list-style-type: none"> ▪ Introducing a new debt policy that sets ceilings for public external and internal debt. 	<ul style="list-style-type: none"> ▪ <i>Planned.</i> 	

IV. PRIVATE AND FINANCIAL SECTOR DEVELOPMENT

The government continues to dominate economic activity in Yemen. There is a need to create a better enabling environment in order to allow the private sector to lead growth and employment creation.

Land Titling *	<ul style="list-style-type: none"> ▪ Enacting a new land registration law that takes into account the recommendations of the Land Policy Task Force. 	<ul style="list-style-type: none"> ▪ <i>Done.</i> Law approved by Parliament in September 07. 	Trigger /TR1
	<ul style="list-style-type: none"> ▪ Appointing an independent registrar 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> Expected to finalize implementation by Nov. 2008. 	Action /TR2
	<ul style="list-style-type: none"> ▪ Implementing the executive regulations of the Land Registration Law 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> Expected to finalize implementation by Nov. 2008. 	Action /TR2
	<ul style="list-style-type: none"> ▪ Establishing an organizational structure for the authority that sets up its mandate and functions vis-à-vis other authorities and agencies. 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> An organizational decree is expected to be issued by Nov. 2008. 	Trigger /TR2
Business Regulatory Environment	<ul style="list-style-type: none"> ▪ Improving the licensing and registration system of business establishments. 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> An action plan based on the findings of the ICA study has been developed. Several measure were taken 	
	<ul style="list-style-type: none"> ▪ Establishing a clear, consistent, fair system of inspections of business establishments. 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> 	
	<ul style="list-style-type: none"> ▪ Reducing costs and delays of customs processing, through automation 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> Introduced phased customs automation in May 2006 	
Financial Sector *	<ul style="list-style-type: none"> ▪ Enforcing compliance of Basel prudential standards 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> 	
	<ul style="list-style-type: none"> ▪ Establishing the Securities Market along with its legislative, institutional, regulatory, and technical requirement 	<ul style="list-style-type: none"> ▪ <i>Ongoing.</i> Expected to finalize in 2008 	

Key: Action = Tranche action, Trigger = Tranche trigger, TR1 = Tranche 1, TR2= Tranche 2

* New reforms not included under NRA;

ANNEX 7
LEGAL TEXTS ON CIVIL SOCIETY PARTICIPATION IN YEMEN

A. Procurement Law

Through the IRDPG, the Bank Group supported the Government's efforts to draft a new procurement law in line with international good practice. Following is an excerpt of Law 23 of 2007 on Tenders, Bidding & Government Storehouses, ratified by Yemen's Parliament on July 24, 2007. Article 43 (a) provides for civil society participation in the Board of the Higher Authority for Tender Control, the procurement policy and monitoring board). This law calls for two of the Board's seven members to be from civil society together with a third member from the Judiciary. As of May 2009, a shortlist has been provided to the President and Board appointments are expected to be announced shortly. The relevant text is highlighted in **bold** typeface.

Chapter Three

High Authority for Tender Control

Article 42:

- a) By force of this law, a high independent body, called High Authority for Tender Control, shall be established as a legal identity that shall be financially and administratively independent and subject to the supervision of the President of the Republic.
- b) The authority shall be domiciled in the Capital, Sana'a. It may establish branches in governorates upon a decision by the authority's chairman after obtaining approval from the Board.

Article 43:

- a) **The High Authority shall be run by a Board, composed of a chairperson and six members, who are appointed by a Presidential Decree upon nomination by the Shura Council of a 14-person list. The list shall include representatives of the business and industrial sectors, the civil society and the Judicial Services.** The Executive Regulations shall define the executive procedures, while the Shura Council Presidency shall specify controls and procedures governing the nomination process.
- b) Without prejudice to section (A) of this Article, the President shall appoint a nominee from the list, referred by the Shura Council, in replacement of a Board member in case his or her seat becomes vacant.

B. Extractive Industries Transparency Initiative

On March 13, 2007, Yemen's Cabinet issued Cabinet Decree No. 111 affirming the country's decision to adhere to EITI principles. The Bank Group has supported the Government's efforts toward EITI accession.

The **EITI principles** are as follows:⁸

1. We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
2. We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
3. We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
4. **We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.**
5. **We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.**
6. We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
7. We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
8. We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
9. We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
10. We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.
11. We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
12. **In seeking solutions, we believe that all stakeholders have important and relevant contributions to make - including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors and non-governmental organisations.**

⁸ Extractive Industries Transparency Initiative. *EITI Source Book*. March 2005. p. 8.
<http://eitransparency.org/document/sourcebook>

The **EITI Criteria**, endorsed by participants at the 2005 EITI Conference in London, are listed below:

1. Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.
2. Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.
3. Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and with publication of the administrator’s opinion regarding that reconciliation including discrepancies, should any be identified.
4. This approach is extended to all companies including state-owned enterprises.
5. **Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.**
6. A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

ANNEX 8
ENGLISH AND ARABIC VERSIONS OF THE IRDPG PROGRAM INFORMATION DOCUMENT

PROGRAM INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: AB2914

Operation Name	RY-INSTITUTIONAL REFORM DEVELOPMENT POLICY CREDIT
Region	MIDDLE EAST AND NORTH AFRICA
Sector	General industry and trade sector (51%);General public administration sector (49%)
Project ID	P101453
Borrower(s)	GOVERNMENT OF REPUBLIC OF YEMEN
Implementing Agency	BD.
Date PID Prepared	February 26, 2007
Date of Appraisal Authorization	March 19, 2007
Estimated Date of Board Approval	June 28, 2007

1. Key development issues and rationale for Bank involvement

1. Yemen is a World Bank Group IDA recipient country, with per capita GDP of under US\$600. It has a population of 21 million, with nearly half age 15 or below. The Poverty Reduction Strategy Paper (PRSP) classifies 35.5 percent of the population as living in poverty, sharply divided between an urban rate of 19 percent and a rural rate of 41 percent.⁹ Yet growth has been slow, barely outpacing population. The investment climate remains constrained, while the economy remains vulnerable to energy prices and regional political insecurity. The economy is highly dependent on a dwindling oil sector that is weakly linked to local industry and capacities, yet accounts for almost 93 percent of all exports. Unemployment is estimated to be 17 (and 34 percent for youth), while agriculture (while comprising only 13 percent of formal GDP) continues as the main source of income for the vast majority of the population. At the same time, Yemen, one of the most water-scarce countries in the world, continues to rapidly deplete its groundwater.

2. The Government, in recognition of the urgency of reform, launched an active program with the third five year plan (PRSP) and subsequent National Reform Agenda. The Government's medium-term strategy is embodied in the Yemen Third Socio-economic Development Plan for Poverty Reduction (2006-10) (DPPR), which also serves as its PRSP. In this document, the Government identifies its strategic goals (or "pillars"), namely to:

- achieve a steady improvement in economic growth;
- reduce poverty and raise the quality of life;
- promote good governance;
- reduce regional and gender disparities;
- enhance decentralization; and
- broaden the participation of civil society

⁹ Republic of Yemen, Ministry of Planning and International Cooperation. The Socio-Economic Development Plan for Poverty Reduction (2006-2010) October 2006. The CAS refers to the results of the 1998 household budget survey, which placed the poverty rate at 42% of the population.

Beginning in July 2005, the Government started implementing long delayed governance and economic reforms. Donor support is critical to the success of these reforms. Neighboring countries are offering Yemen the long-term prospect of regional integration and, during the transition period, funding to develop institutions, infrastructure and human capacities. Yemen's success in the reform process is crucial and must be both closely watched and supported by all development partners. One reflection of donor's growing confidence in the country's reform program came in November 2006, when Yemen's development partners pledged approximately US\$4.7 billion in aid for the four year period of 2007-2010, a significant increase over prior levels. The Institutional Reform Development Credit (IRDPC) forms one part of the Bank's overall strategy to support poverty reduction, specifically by stimulating non-oil growth and strengthening governance.

2. Proposed objective(s)

The IRDPC encourages and rewards actions associated with this recently initiated and dynamic reform effort. The project should contribute to accelerating growth, poverty alleviation and improved governance through its provisions, which comprise key parts of the Government's overall growth strategy. The Institutional Reform Credit (IRDPC) also contributes to Bank's overall strategy to support poverty reduction, specifically by stimulating non-oil growth and strengthening governance. It is specifically linked to two pillars of the CAS:

- diversifying growth through better governance and better delivery of public services;
- increasing fiscal sustainability through improved public expenditure management.

Thus the IRDPC is organized in two pillars: the first one comprises two components that address key challenges to private investment and non-oil growth. The structure of incentives confronting investors and the security of property rights underpinning markets are each critical to a sound investment climate. The second pillar comprises three components address governance and public financial management challenges. A number of analyses have concluded that Government cannot deliver the economic reforms and social services required to fulfill its Poverty Reduction Strategy without substantial public sector reform. International and national indicators suggest governance quality in Yemen is low. Two central components of this are strengthening public financial management and conducting broad-based public administration reform. The measures supported by the IRDPC are designed to reinforce ongoing Government reform efforts and complement the support of other donors.

3. Preliminary description

Pillar 1: Strengthening Property Rights and the Incentive Framework to Encourage Non-Oil Growth

The first two components of the IRDPC address key challenges to private investment and non-oil growth. The structure of incentives confronting investors and the security of property rights underpinning markets are each critical to a sound investment climate.

Component 1: Income Tax Reform

Objective:

To rationalize incentives facing private investors through standard treatment of income, investment and expenses, and a sharp reduction in the discretionary implementation which mars the incentives and adds uncertainty for firms operating in Yemen.

Main Actions Supported:

- Preparation and Cabinet approval of a new tax law, reflecting international norms of treatment of income, investments and expenses. (First Tranche)
- Implementation of the new corporate income tax law (Second Tranche).

Component 2: Land Titling and Registration Reform.

Objective:

To create system of secure and enforceable property rights, with unambiguous title.

Main Actions Supported:

- Presentation to Parliament of a new land registration law that takes into account the recommendations of the Land Policy Task Force (LPTF), as detailed in the World Bank's "Yemen Urban Land Policy and Administration Policy Note". (First Tranche)
- Completion and endorsement by Cabinet of an organizational decree for the authority that organizes its mandate and functions vis-à-vis other authorities and agencies. (Second Tranche)

Pillar 2: Strengthening Governance Through Improved Public Financial Management And Civil Service Reform.

The next three components complement ongoing Government strategy and donor support to strengthen public financial management and public administrative (civil service) performance.

Component 3: Strengthening Public Procurement

Objective:

To strengthen public financial management and governance with regard to public expenditure through procurement reform. As a first step, Government has approved a standard procurement manual and procurement documents to be used in public sector transactions. Proposed legislation would professionalize (de-politicize) the high tender board and create a separate Procurement Policy Monitoring Board with a procurement tracking system under its authority. This would give the Government a systematic means of overseeing and regulating procurement, and a dedicated body handling policy and monitoring.

Main Actions Supported:

- Cabinet approval and submission to Parliament of a new Procurement draft law consistent with international standards. (First Tranche)
- Establishment of a separate Procurement Policy Monitoring Board to address policy and regulatory functions with a procurement tracking system under its authority.

Component 4: Improving Revenue Transparency

Objective: Government should commit to and achieve transparency with regard to revenues from oil and natural gas, which provide the largest share of the Government's income, through accession to and adherence to Extractive Industries Transparency Initiative (EITI), an international compact of resource-exporting nations willing to abide by agreed international standards for the full publication and verification of company payments and government revenues from oil, gas and mining.

Main Actions Supported:

- Through a Presidential Decree, the Government should make a clear and well-publicized statement of commitment to EITI principles stating explicit measures that will be taken to conform to its principles. (First Tranche)

- Adherence to EITI principles, including publication of independently audited accounts documenting all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) in a publicly accessible, comprehensive and comprehensible manner. (Second Tranche)

Component 5: Reforming Central Government – Civil Service Reform

Objective:

To reform the civil service, both as a fiscal necessity (due to the huge burden of the wage bill and related obligations) and as a vital component of public administrative reforms to promote good governance and effective service delivery.

Main Actions Supported

- Approval, by the Council of Ministers, of a Civil Service Fund (CSF) program for 2007-2010 and alignment of the budgetary allocation for 2008 to that program. (First Tranche)
- Consistent with government mandate studies, reengineering studies, and other analyses, continue implementation of Civil Service Fund program by transferring of the programmed number of staff from selected line departments to the CSF. (Second Tranche)
- Continue adherence, throughout 2007 and 2008 (until the release of the second tranche) to the 2005 Wage Law requiring agencies to meet defined reform criteria before making any future salary increases. (Second Tranche)
- The completion of the biometric identification system and computerized employee databases, so that they are fully populated and functioning, with coverage extended to all civil servants, military, police and judiciary employees. (Second Tranche)

4. Environment Aspects

This project is classified as Category C: it is likely to have minimal or no adverse environmental impacts. Land development under a more secure titling regime may carry some environmental consequences, and it will be important to monitor this. Economic growth more generally is often associated with consumption of natural resources and some negative environmental externalities. At the same time, the component to secure property rights may enhance stewardship of land resources. In general, measures to enhance governance and align the functioning of the economy with market forces may work to reduce a number of negative externalities currently observed from the separation of economic costs from benefits and rents.

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	0
International Development Association (IDA)	50
Total	50

6. Contact point

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وثيقة معلومات البرنامج
مرحلة الفكرة

تقرير رقم: AB2914

اسم العملية	الجمهورية اليمنية - قرض سياسة تطوير الإصلاحات المؤسسية
الإقليم	الشرق الأوسط وشمال أفريقيا
القطاع	قطاع الصناعة والتجارة العام
هوية البرنامج	P101453
المقترضين	حكومة الجمهورية اليمنية
الجهة المنفذة	BD.
تاريخ إعداد هوية المشروع	26 فبراير 2007
تاريخ الأمر بالتقييم	19 مارس 2007
التاريخ المتوقع لموافقة مجلس الإدارة	28 يونيو 2007

7. قضايا التنمية الأساسية والفرص من إشراك البنك

3. تعد اليمن إحدى الدول المستفيدة من مؤسسة التنمية الدولية ضمن مجموعة البنك الدولي، مع إجمالي الدخل القومي أقل من 600 دولار للفرد. ويبلغ عدد السكان في اليمن 21 مليون نسمة نصفهم في سن 15 أو دون ذلك. وتصنف وثيقة إستراتيجية التخفيف من الفقر 35.5% من السكان على أنهم يعيشون في فقر وموزعين بشكل حاد كحضر بنسبة 19% وريف بنسبة 41%¹⁰. ومع ذلك ما زال النمو بطيئا ويقل عن معدل نمو السكان. وما زال مناخ الاستثمار مقيدا، ويظل الاقتصاد ضعيفا وعرضة لأسعار الطاقة وعدم الاستقرار السياسي الإقليمي. ويعتمد الاقتصاد بشكل كبير على قطاع النفط المتناقص والمرتبط بشكل ضعيف بالصناعة والقدرة المحلية، ويشكل 93% من إجمالي الصادرات. ويتوقع أن تصل البطالة إلى 17% (34% منها من الشباب)، بينما تستمر الزراعة (التي تشكل 13% من إجمالي الناتج القومي الرسمي) كمصدر رئيسي للدخل للغالبية العظمى من السكان. وفي نفس الوقت، تعد اليمن من أكثر البلدان ندرة في الماء وتستمر في استنفاد مخزونها الأرضي بشكل سريع.

4. وقامت الحكومة، اعترافا منها بأهمية الإصلاح، ببدء برنامج نشط مع الخطة الخمسية الثالثة وأجندة الإصلاح الوطنية التي تليها. وتتجسد إستراتيجية الحكومة المتوسطة المدى في خطة التنمية الاجتماعية والاقتصادية الثالثة للتخفيف من الفقر (2006-2010)، والتي تخدم أيضا كوثيقة التخفيف من الفقر. وفي هذه الوثيقة، حددت الحكومة أهدافها الإستراتيجية (أو "أعمدة")، وتسمى:

- a. تحقيق تحسن مستمر في النمو الاقتصادي
b. تخفيف الفقر ورفع مستوى المعيشة
c. تشجيع الحكم الجيد
d. تخفيف الفروق الإقليمية والجنسية
e. تعزيز اللامركزية؛ و
f. توسيع مشاركة المجتمع المدني

وفي بداية يوليو 2005، بدأت الحكومة بتنفيذ إصلاحات الحكم والاقتصاد التي طال انتظارها. ويعد دعم المانحين شينا مهما جدا في نجاح هذه الإصلاحات. وتقدم الدول المجاورة لليمن فكرة الاندماج الإقليمي على المدى الطويل و، خلال الفترة الانتقالية، التمويل لتطوير المؤسسات، والبنية التحتية والقدرة البشرية. إن نجاح اليمن في عملية الإصلاح أمر مهم جدا ويجب أن يراقب ويدعم من قبل جميع شركاء التنمية. وجاءت أحد التأملات وهي ثقة المانحين المتزايدة في برنامج الإصلاح الوطني في نوفمبر 2006، عندما تعهد شركاء اليمن التتمويين بما يقارب 4.7 بليون دولار كمساعدة على فترة 4 سنوات للأعوام 2006-2010، وتعد هذه زيادة كبيرة على المستويات السابقة. ويشكل قرض سياسة تطوير الإصلاحات المؤسسية جزء واحد من إستراتيجية البنك الكاملة لدعم التخفيف من الفقر، وبالتحديد تحفيز النمو الذي لا يعتمد على النفط وتقوية الحكم.

5. الأهداف المقترحة

يشجع قرض سياسة تطوير الإصلاحات المؤسسية ويكافئ كل الإجراءات المرتبطة بجهود الإصلاح الديناميكية التي بدأت مؤخرا. ويجب أن يساهم المشروع في تسريع النمو، والتخفيف من الفقر وتحسين الحكم من خلال ما يقدمه، والذي يشكل أجزاء رئيسية من إستراتيجية النمو العامة للحكومة. ويساهم قرض سياسة تطوير الإصلاحات المؤسسية أيضا في إستراتيجية البنك العامة لدعم تخفيف الفقر، وبشكل أكثر تحديدا عن طريق تحفيز النمو غير النفطي وتعزيز الحكم. وبالتحديد فهي مرتبطة بعمودين من أعمدة CAS :

- تنوع النمو من خلال حكم أفضل وتقديم أفضل للخدمات العامة.

¹⁰الجمهورية اليمنية، وزارة التخطيط والتعاون الدولي. خطة التنمية الاجتماعية والاقتصادية لإستراتيجية التخفيف من الفقر (2006-2010) أكتوبر 2006. ويشير إستراتيجية مساعدة البلاد إلى نتائج مسح ميزانية الأسر لعام 1998، والذي وضع نسبة الفقر ب 41% من السكان.

زيادة الاستدامة المالية من خلال إدارة محسنة للأموال العامة.

وهكذا ينظم قرض سياسة تطوير الإصلاحات المؤسسية وفقا للعمودين: ويشكل الأول مكونين يعالجان التحديات الرئيسية لاستثمار القطاع الخاص والنمو غير النفطي. إن تركيبة الحوافز التي تواجه المستثمرين وحماية حقوق الملكية التي تعد دعامة الأسواق حيث كل واحد منهما مهم جدا من أجل مناخ استثماري جيد. ويشكل العمود الثاني ثلاثة مكونات تعالج تحديات إدارة الأموال العامة. استنتجت عدد من التحليلات أن الحكومة لا تستطيع أن تقدم الإصلاحات السياسية والخدمات الاجتماعية المطلوبة لتحقيق إستراتيجيتها للتخفيف من الفقر بدون إصلاحات جوهرية في القطاع الاقتصادي. وتظهر المؤشرات الدولية والمحلية أن جودة الحكم في اليمن متدنية. ويقوي المكونان الاثنان الرئيسيان إدارة الأموال العامة ويجريان إصلاحات إدارة عامة واسعة النطاق. وصممت الإجراءات المدعومة من قبل قرض سياسة تطوير الإصلاحات المؤسسية لتعزيز جهود إصلاحات الحكومة المستمرة وتكميل دعم المانحين الآخرين.

6. الوصف الأولي

العمود الأول: تقوية حقوق الملكية وإطار الحوافز لتشجيع النمو غير النفطي

يعالج المكونان الاثنان لقرض سياسة تطوير الإصلاحات المؤسسية التحديات الرئيسية أمام استثمارات القطاع الخاص والنمو غير النفطي. إن تركيبة الحوافز التي تواجه المستثمرين وحماية حقوق الملكية التي تعد دعامة الأسواق حيث كل واحد منهما مهم جدا من أجل مناخ استثماري جيد.

المكون الأول: إصلاحات ضريبة الدخل

الهدف:

جعل الحوافز التي تواجه مستثمري القطاع الخاص معقولة من خلال معاملة قياسية للدخل، والاستثمار والنفقات، وانخفاض في التنفيذ التمييزي الذي يحارب الحوافز ويضيف الشك على الشركات العاملة في اليمن.

الإجراءات الرئيسية المدعومة:

- الإعداد وموافقة مجلس الوزراء لقانون ضريبة جديد، يعكس الأعراف الدولية وتعاملها مع الدخل، والاستثمار والنفقات. (الجزء الأول)
- تنفيذ قانون ضريبة الدخل (المرحلة الثانية)

المكون الثاني: إصلاحات تسمية الأراضي وتسجيلها

الهدف: إيجاد نظام آمن وساري المفعول لملكية الأراضي، وبتسمية غير غامضة.

الإجراءات الرئيسية المدعومة:

- تقديم قانون تسجيل أراضي جديد إلى مجلس النواب والذي يأخذ في عين الاعتبار توصيات فريق عمل سياسة الأراضي، كما هو موضح بالتفصيل في "ملاحظة سياسة الأراضي الحضرية المبنية وسياسة الإدارة". (الجزء الأول)
- استكمال وإقرار مجلس الوزراء لقرار تنظيمي للمصلحة التي تنظم تكليفها ووظائفها مقابل الجهات والهيئات الأخرى. (الجزء الثاني)

العمود الثاني: تقوية الحكم من خلال إدارة أموال عامة محسنة وإصلاحات الخدمة المدنية

تكمل المكونات الثلاثة التالية إستراتيجية الحكومة المستمرة ودعم المانحين في تقوية إدارة الأموال العامة والأداء الإداري العام (الخدمة المدنية)

المكون الثالث: تحسين نظام المشتريات الحكومية

الهدف:

تقوية إدارة الأموال العامة والحكم فيما يتعلق بالنفقات العامة من خلال إصلاحات المشتريات. وكخطوة أولى، وافقت الحكومة على دليل مشتريات قياسي ووثائق المشتريات التي ستستخدم في عمليات القطاع العام. سيجعل التشريع المقترح لجنة المناقصات العليا أكثر مهنية (يزيل الطابع السياسية منها) ويوجد مجلس رقابة سياسة المشتريات مع نظام مراقبة سياسة المشتريات تحت سلطتها. وسيعطي هذا الحكومة الوسائل النظامية لمراقبة وتنظيم المشتريات، وجهاز متفرغ للتعامل مع سياسة المشتريات ومراقبتها.

الإجراءات الرئيسية المدعومة:

- موافقة مجلس الوزراء وتسليم البرلمان مسودة قانون مشتريات جديد متماسي مع الأعراف الدولية. (الجزء الأول)
- تأسيس مجلس مراقبة سياسة المشتريات منفصل لتولي الوظائف السياسية والتنظيمية مع نظام لمتابعة المشتريات تحت صلاحيتها. (الجزء الثاني)

المكون الرابع: تحسين شفافية العائدات

الهدف: يجب أن تلتزم الحكومة بالشفافية وتحقيقها فيما يتعلق بالمورد من النفط والغاز الطبيعي، والذي يقدم أكبر جزء من دخل الحكومة، من خلال الانضمام والالتزام بمبادرة شفافية الصناعات الاستخراجية، وهو اتفاق دولي للمصدر للوارد الراغبة في التقييد بالمعايير الدولية من أجل النشر الكامل والتحقق من مدفوعات الشركة وعائدات الحكومة من النفط والغاز الطبيعي والتعدين.

الإجراءات الرئيسية المدعومة:

- من خلال قرار رئاسي، يجب أن توضح الحكومة وتنتشر تصريحها بالالتزام بمبادئ اتفاق شفافية الصناعات الاستخراجية محددة إجراءات صريحة ستتخذ للتوافق مع المبادئ.
- الالتزام باتفاق بمبادرة شفافية الصناعات الاستخراجية بما في ذلك النشر الدوري نشر الحسابات المدققة بشكل مستقل موثقة بذلك مدفوعات النفط والغاز والتعدين من قبل الشركات للحكومات ("المدفوعات") وكل العائدات المادية المستلمة من الحكومة من شركات النفط والغاز والتعدين. (الجزء الثاني)

المكون الخامس: إصلاح الحكومة المركزية – إصلاح الخدمة المدنية

الهدف: إصلاح الخدمة المدنية، كضرورة مالية (بسبب العبء الكبير لفاتورة الرواتب والالتزامات الأخرى) وكمكون هام للإصلاحات الإدارية الحكومية لتشجيع الحكم الجيد وتقديم الخدمات الفعال.

الإجراءات الرئيسية المدعومة:

- موافقة من مجلس الوزراء، على برنامج صندوق الخدمة المدنية للأعوام 2007-2010 وتنسيق مخصصات الميزانية لعام 2008 لذلك البرنامج. (الجزء الأول)
- وتمشيا مع الدراسات الحكومية، ودراسات إعادة الهيكلة، والتحليل الأخرى، يتواصل تنفيذ برنامج صندوق الخدمة المدنية بتحويل الرقم المبرمج للموظفين من مجموعة مختارة من صندوق الخدمة المدنية. (الجزء الثاني)
- مواصلة الالتزام، في 2007 و2008 (حتى بدء الجزء الثاني) لقانون 2005 بخصوص الأجور طالبة من الهيئات تحقيق معايير الإصلاح قبل أي زيادات مستقبلية في الرواتب.
- استكمال نظام التعرف البيولوجي وقاعدة بيانات الموظفين في الكمبيوتر وذلك لكي تكون الوظائف مشغولة وعاملة، مع تغطية تصل إلى جميع موظفي الحكومة، والجيش، والأمن والجهاز القضائي. (الجزء الثاني)

7. مجالات البيئة

يصنف المشروع على أنه من فئة ج: ومن المحتمل أن لا يكون هناك آثار بيئية عكسية أو أقل ما يمكن منها. إن تطور الأرض تحت نظام تسمية أكثر أمانا قد يحمل بعض العواقب البيئية، وسوف يكون من المهم مراقبة هذا. وغالبا ما يرتبط النمو الاقتصادي بشكل عام باستهلاك الموارد الطبيعية وبعض الأشياء الخارجية البيئية السلبية. وفي نفس الوقت، قد يعزز مكون تأمين حقوق الملكية إدارة الموارد العقارية. وعلى العموم، قد تعمل الإجراءات على تعزيز الحكم وتنسيق توظيف الاقتصاد مع تركيز على السوق على تخفيف عدد الآثار الخارجية الممتصة حاليا من فصل التكاليف الاقتصادية من الفوائد والإجارات.

6. التمويل المؤقت

المصدر	(\$m.)
الدائن / المئلي	0
مؤسسة التنمية الدولية	50
إجمالي	50

8. نقطة الاتصال

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