

THE INSPECTION PANEL

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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**Werner Kiene
Chairperson**

IPN REQUEST RQ09/05
April 20, 2009

NOTICE OF REGISTRATION

Re: Request for Inspection Yemen: Institutional Reform Development Policy Financing (Grant No. H336-YEM)

On April 13, 2009, the Inspection Panel received a Request for Inspection (“the Request”) related to the above-referenced Project. Mr. Abdelkader Ali Abdallah and Mr. Yahya Saleh, both residents of Sana’a, Yemen, submitted the Request on their behalf and on behalf of the Yemen Observatory for Human Rights. The Request claims, *inter alia*, that the Bank has failed to comply with principles of transparency and disclosure of information with respect to a Development Policy Operation for institutional reform in Yemen, which they contend will produce negative effects on wages, employment and poverty reduction.

The Project

According to the Program Document, the Institutional Reform Development Policy Grant is intended to support the implementation of key elements of the Government’s reform program as specified in the Yemen Country Assistance Strategy, focusing on two pillars of the broader country strategy: “(i) *increasing non-oil growth (...); and (ii) strengthening governance.*”¹

The Program Document adds that Government actions were selected for support by the Grant due to three criteria: they should have a substantial beneficial impact on their designated objective (either non-oil growth or strengthened governance), there should be a high likelihood of success in achieving prior actions as indicated by Government commitment and progress towards completion of each designated action, and they should be readily monitorable, short-term actions that can be achieved within the one-year lifespan of the operation.²

According to the Financing Agreement signed between the Republic of Yemen and the International Development Association on January 14, 2008, the Bank would provide a two-tranche financing on the basis of “(a) *the actions which the Recipient has already taken under*

¹ Program Document, Institutional Reform Development Policy Grant, November 6, 2007, Paragraph 39, p. 19.

² Program Document, Institutional Reform Development Policy Grant, November 6, 2007, Paragraph 39, p. 19.

*the Program and which are described in Section I.A of Schedule 1 to this Agreement, and (b) the Recipient's maintenance of an appropriate macro-economic policy framework.”*³

Section I (A) of Schedule 1 of the Agreement, relate to the release of the first tranche, lists actions taken under the Program, including the submission of; a corporate income tax law; a land registration law; and a procurement law. The same Section states Yemen's commitment to the Extractive Industries Transparency Initiative principles and the approval of the Civil Service Fund program for 2008-2010 and the alignment of the budgetary allocation for 2008 to the said program.⁴ Section I (B) of Schedule 1 of the Agreement describes the actions to be taken by the Recipient under the Program for the release of the second tranche.⁵

The Request

The Requesters state that they have incurred and will probably continue to incur damages “*as a result of the information blackout policy practiced by the World Bank Office in Yemen and its refusal to disclose information*” related to the Program. The Requesters add that after some pressure by civil society having led to the disclosure of some information, “*the Bank office in Sana'a refused to give [them] a translated copy into Arabic or to cooperate with civil society to get it translated.*”

The Requesters state “*according to the World Bank, the implementation of the Institutional Reform Program in Yemen will lead to soaring prices and the increased suffering of the poor in the Yemeni society. Poverty rate, currently running around 45% will increase by 9.2% up to a total of 54.2%.*” They add that the Program will reduce wages by 1.6% of the GDP. The Requesters question these reforms stating that they will result in an “*increase in poverty and unemployment.*”⁶

They add that had the Program contents been disclosed before, civil society would have been able to contribute by providing recommendations in relation to the adoption of fair tax policies and other options could have been proposed “*to provide resources through anti-corruption measures and the adoption of quality policies to address poverty and unemployment.*”

The Requesters state that the Bank and the Country Office “*violated the principle of partnership which the World Bank adopts and calls for its promotion with civil society,*” and violated the principle of transparency and disclosure of information. They add that the lack of translations is contrary to the principle of information sharing emphasized by the former President of the World Bank in his introduction to the disclosure policy of June 2002. They state

³ Financing Agreement, Institutional Reform Development Policy Financing, Republic of Yemen and International Development Association, January 14, 2008, *Financing Agreement*, p. 1.

⁴ Financing Agreement, Institutional Reform Development Policy Financing, Republic of Yemen and International Development Association, January 14, 2008, Schedule 1, Section I (A), p. 4.

⁵ Section II (C) of Schedule 1 to the Financing Agreement provides that no withdrawal shall be made of the second tranche unless the Association is satisfied, after an exchange of views with the Recipient and, based on evidence satisfactory to the Association: “*1. with the progress achieved by the Recipient in carrying out the Program; 2. that the macroeconomic policy framework of the Recipient is appropriate; and 3. that the actions described in Part B of Section I of this Schedule have been taken.*”

⁶ The Panel notes that these references apparently refer to paragraph 12 and Box 2 of the Program Document, respectively on page 5 and 7.

that the former President “*stressed the significance of information sharing as a substantial factor to achieve sustainable development and to improve transparency and accountability in development.*” They further state that “*he also stressed the significance of information sharing for promoting public support to efforts designed to improve people’s lives in developing countries.*”

The Requesters list a number of correspondences through which they requested the Country Office in Sana’a to disclose “*a complete copy of the Institutional Reform Program and its translation.*” They state that they received a copy in English of the Program Document. However, in a latter correspondence the Country Office refused to provide them with a translation on the basis of “*being very busy with other issues.*” According to the Requesters, on January 30, 2008, 25 Yemeni organizations addressed the Country Office to confirm their request for a complete copy of the Program in Arabic, but “*receive no response to [their] request and all [their] communications and letters were ignored.*”

The Requesters, in the Request for Inspection, asked the Inspection Panel to recommend to the Board of Executive Directors to authorize an investigation of the issues raised in this complaint.

Registration

The above claims may constitute non-compliance by the Bank with various provisions of the following operational Policies and Procedures, *inter alia*:

OP/BP 8.60 Development Policy Lending
World Bank Policy on Disclosure of Information dated June 2002

In accordance with paragraph 17 of the Panel’s Operating Procedures (the “Operating Procedures”), I am notifying you that I have, on April 20, 2009, which is also the date of the dispatch of this notice, registered this Request in the Inspection Panel Register. Please note that the Panel’s registration is an administrative procedure and it implies no judgment whatsoever concerning the merits of the Request for Inspection.

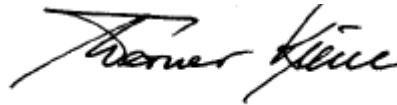
In accordance with paragraph 18 of the Bank Resolution that established the Panel (the “Resolution”), paragraphs 2 and 8 of the “*Conclusions of the Board’s Second Review of the Inspection Panel*” (the “1999 Clarifications”), and paragraph 18 (d) of the Operating Procedures, Bank Management must provide the Panel, no later than May 19, 2009, with written evidence that it has complied, or intends to comply, with the Bank’s relevant policies and procedures in relation to the above-referenced Project. The subject matter that Management must deal with in a response to the Request is set out in paragraphs 3 and 4 of the 1999 Clarifications.

After receiving the Management response, the Panel will, as outlined in the 1999 Clarifications and as provided by paragraph 19 of the Resolution, “*determine whether the Request meets the eligibility criteria set out in paragraphs 12 to 14 [of the Resolution] and shall make a recommendation to the Executive Directors as to whether the matter should be investigated.*”

All communications with the Requesters in connection with this Request will be sent until further notice to Mr. Abdelkader Ali Abdallah and Mr. Yahya Saleh.

The Request has been assigned IPN Request Number RQ09/05.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Werner Kiene', written in a cursive style.

Werner Kiene
Chairperson

To:
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CC:
The Executive Directors and Alternates
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