Myopic Solutions to Chronic Problems: The Need for Aid Effectiveness in Yemen

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# Table of Contents

About the Program on Arab Reform and Democracy ........................................................ 1
About the Center on Democracy, Development and the Rule of Law (CDDRL) ............... 2
Acknowledgments............................................................................................................... 2
About the Author ................................................................................................................ 2
Executive Summary............................................................................................................ 3
Introduction ....................................................................................................................... 5
I. The Dilemma of Absorptive Capacity.............................................................................. 6
II. Government Capacity ..................................................................................................... 8
III. Donor Behavior ............................................................................................................. 10
IV. Current Initiatives ........................................................................................................ 14
V. Status of Funds .............................................................................................................. 19
VI. Conclusion .................................................................................................................... 20
Recommendations ............................................................................................................ 21
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EXECUTIVE SUMMARY

On September 27, 2012, a large donor conference took place on the back of the Friends of Yemen (FoY) meeting in New York, where nearly 8 billion US dollars were pledged for the Government of Yemen in development assistance. The contributions represented support to the Yemeni transitional government and donor commitment towards efforts to reconstruct Yemen in the aftermath of the acute economic decline was associated with the 2011 uprising. Yet nearly ten months after announcing the pledges, warning signs of inefficiency and uncertainty reminiscent of those associated with previous pledges started to resurface. The same problems that hindered the full disbursement of the 4.6 billion funding pledged in the London Donor Conference for Yemen of 2006 started to manifest again.

Historically, donor pledges for Yemen rarely materialized. Yemen has lost many opportunities to utilize donor funding to its full capacity or to promptly claim the allocations previously pledged by donors—the last disbursement of the 2006 pledges was allocated eight years later, in May 2013. Donors have cited poor absorptive capacities by government institutions, lack of government cohesiveness on policy issues, and absence of budgeted programs as the main impediments towards a sustainable funding flow for Yemen. While the Government of Yemen (government of Yemen) recognized some of the challenges that affect aid distribution, both the government and donors continue to operate without finding real solutions to the underlying causes of the dysfunctional system that contributed to this slow absorptive capacity.

In their effort to find quick solutions and demonstrate support to the current Yemeni government, the donors and government sought to create a Mutual Accountability Framework and an Executive Bureau to ensure the allocation and good management of funds. Such mechanisms, however, serve to circumvent the impeding capacity problems of the government, and ultimately result in the creation of a parallel structure that is not conducive to reform. Furthermore, an entity such as the Executive Bureau appears to be established for the convenience of donors, as it is designed to be accountable mainly to donors, with little thought regarding how it could be accountable to the people of Yemen. Furthermore, new initiatives, which are further explained in the paper, lack sustainability and are not necessarily aligned with the actual priorities and needs of the Yemeni population, which is a travesty given the dire urgency of those in need.

While there are many issues that undermine the ability of the Yemeni government to capitalize on and make full use of international aid, one key – and often overlooked – issue is the weakness of the civil service. Lack of successful civil service reform impedes effective absorption of funds and use of international aid, reinforcing cycles of corruption and waste while reducing aid transparency and effectiveness.

The question here is whether the government of Yemen and the international donor community can afford to continue operating while bypassing Yemen’s institutions. They lack investment in finding an appropriate remedy for the structural issues affecting aid in Yemen. Furthermore, the Friends of Yemen (FoY) process, which preceded the declaration of these funds, remains a mystery not only to the people of Yemen and the country’s civil society organizations, but also to high level officials in the government of Yemen. Yemeni and international civil society organizations have voiced concerns that the FoY process—whether in
its preparation or execution—has been a top-down operation at all stages of the process. There is little to no coherent information about the policy dialogue and kinds of aid instruments that might materialize to help Yemen through this transition available to any party. It is important for the government of Yemen and the donors alike to recognize that the FoY process, while seeking to restore and support the transitional government’s capabilities, must bring back the focus on assisting the poor and vulnerable Yemeni communities.

While there is currently some movement in aid, its efficiency, effectiveness, and appropriateness is not measured. The government and donors have internal procedures that appear to have lessened the impact of assistance provided. Issues like security and absorptive capacity have become the red herrings in development assistance to Yemen, diverting from the real issue of improving the lives of the poor. It is also not clear how initiatives such as the Executive Bureau have any real added value in the development process given that the majority of the funds delivered to Yemen are still being channeled bilaterally and multilaterally between donors and the government, based on donors’ areas of interest.

In order to speed aid implementation and avoid the usual pitfalls associated with effectiveness and transparency of spending, this paper attempts to address some of the recurring issues that hampered effective aid disbursements, as well as issues that have been sidelined in the negotiations of the 7.9 million USD and subsequent Mutual Accountability Framework structure. The paper realizes that long term solutions are an ambitious goal and therefore proposes short to medium term remedies that could improve coordination and accelerate implementation to the benefit of the wider Yemeni population.
INTRODUCTION

Despite Yemen’s poverty and deteriorating economic situation, foreign aid contributions to the country have been limited. Yemen receives less than $13 per capita per annum (pa), compared with $33 per capita pa in other Least Developed Countries (LDC). The specific factors attributed to this lack of interest in Yemen are mainly associated with a perception of a corrupt network of patronage, a weak administrative system, and a precarious security situation. In addition, Yemen’s proximity to wealthy Gulf countries has been a mixed blessing, as a number of western donors feel that Yemen ought to be the responsibility of its Gulf neighbors. The existence of extractive oil and gas resources has tended to lead many donors to question the need for intervention in a country that seems to possess the potential to be wealthy from its own resources and as such, aid has constantly been barely sufficient for Yemen.

Furthermore, the aid Yemen receives has often been deemed ineffective—Yemen is significantly off-track in achieving the majority of the United Nations Millennium Development Goals by 2015. Current assistance mechanisms have failed to take into account the complexity of the overlapping humanitarian, development, and security priorities. And although donors will seldom admit to this, the fragmented nature of aid financing instruments has led to the duplication of efforts and tended to undermine national ownership and national mechanisms for management and accountability.

It is unclear to many Yemenis exactly why, despite commitment from international donors to improve the economic situation and eliminate poverty, they have seen very little impact on their lives as a result of aid. Recurring absorptive capacity issues point to a strong trend of mismanagement and corruption. While Yemenis are accustomed—and often expect—mismanagement from the government side, they are disappointed that aid interventions by international donors have not been more successful.

Inefficient aid allocations have stifled effective development by 1) wasting much needed human and financial resources, 2) not reaching intended beneficiaries in time, and 3) falling victim to politicization and tensions.

Realizing that there are shortcomings which could be attributed to all stakeholders involved in this process, this paper aims to highlight the main issues affecting the distribution and management of aid, such as the lack of administrative cohesion and ownership, the civil service agenda, and donor limitations, as well as possibilities for avoiding the pitfalls of the 2006 donor pledges. The aim is to initiate a discussion around such issues in order to maximize the value of aid disbursed, and enable more accountability in aid before, during, and after the design and implementation of aid programs. In addition to structural inefficiencies in the Yemeni government that contribute to a weak economic environment, the paper identifies donor

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1 It wasn’t helpful that Yemen was a host for tribal kidnappings of tourists and aid workers. Such security challenges contributed to isolating Yemen from the development and trade sectors and donors. Since the eighties, various non-Yemenis have been kidnapped by tribal communities, or violently murdered by terrorist operatives.

2 Many donors pulled out of Northern Yemen after the discovery of oil resources.
reluctance in engaging with the government of Yemen as one of the main impediments to effective policy planning and best aid practices.

The majority of the donors have internal procedures which prevent effective program design and implementation. The paper describes the side effects of the donors' deliberate attempts to sidestep the government in aid programming—a tactic that has contributed to prolonging the various inefficiencies in the Yemeni system by leaving structural issues unchallenged and unaddressed.

This paper’s period of research and write up was between January 2013 and June 2013. The study draws on a number of documents on aid harmonization such as the Paris Declaration on Aid Effectiveness and the Busan Partnership for Effective Development Co-operation as well as official policy documents by the Ministry of Planning and International Cooperation (MoPIC) such as the Transitional Program for Stabilization and Development 2012-2014, the Mutual Accountability Framework, and other related Friends of Yemen meetings documents. The paper also draws upon the author’s first-hand experience with the Multi Donor Trust Fund Initiative of 2011. Key informant interviews were conducted between April 2013 and June 2013 and included a mixture of 39 interviews with officials from the government of Yemen, donors and international non-government organizations in addition to seven in-depth interviews with Yemeni local organizations and activists.

This paper is not intended as an evaluation of the aid development process in Yemen and should not be seen as such. In fact, the paper calls for an external evaluation of current initiatives and the need for a monitoring and evaluation process throughout the lifetime of the Friends of Yemen assistance that would measure its transparency, accountability, efficiency, effectiveness, and cost-efficiency. The aim of this study is to stimulate dialogue around those issues in order to maximize the impact of the funds on the lives of vulnerable Yemenis. All stakeholders, therefore, are considered as equal partners in the management and distribution of aid in this study.

I. The Dilemma of Absorptive Capacity

While donors provided trust and support for the transitional government on the political level, they have been unable to extend the same level of support when it comes to designing and developing aid programs. The majority of donors are often reluctant to directly support the Yemeni government as they see various problematic issues in direct engagement, and are often concerned that aid will be mismanaged if it is led by the government of Yemen. A sign of concern for the donors is the inefficiencies in the government of Yemen which start at the very top with a dysfunctional cabinet that is pulled by divergent party agendas and little policy cohesion, followed by a civil service that is starting to resemble a social welfare program, with many civil servants who receive income without reporting to duty.3 Corruption is another problematic issue that is left unaddressed by both the donors and the government of Yemen.

3 According to a key interview with a high level official in the Ministry of Civil Service, the Ministry was instructed to provide jobs for over 50,000 people, which was burdensome given the fact that there were no available jobs to absorb this number; as such, the majority of the additional people are being paid without being able to work.
Discussions and remedies about the effect of these problems on aid is absent, which has eventually led to a recent pattern from the donors' side of pointing out Yemen's lack of capacity for aid absorption without addressing the underlying issues of aid absorptive capacity or drawing a roadmap that could reduce or eliminate such negative trends.

Furthermore, there is a lack of understanding of what the “absorptive capacity” issue means. The country director of the World Bank in Yemen, Mr. Wael Zakout, noted that “Yemen's capacity is not weaker than other countries who receive IDA (International Donor Assistance) funding; in fact it is about average.” Many other donors share his view. Mr. Mohammed al-Maswari, Deputy Assistant Minister for the Project Implementation Sector explained: “The government of Yemen has been successful in implementing the programs when the right mechanisms existed, and faltered when such mechanisms were not there”. The question here is what does absorptive capacity mean in the Yemeni context, and what kind of approach will donors take to address this problem?

From discussions with both government and donors, it appears that donors' concerns vis-à-vis disbursement of funds are not articulated clearly, and as such, aid absorptive capacity has become a diplomatic definition that engulfs many concerns such as the donors' lack of trust in government institutions, the absence of policy cohesion (within the government and among the donors), and a restricted security environment that challenges donors' implementation and oversight.

The Yemeni government, too, appears to be confused on the topic of absorptive capacity. A paper on the issue prepared by the Ministry of Planning & International Cooperation (MoPIC) for the FoY consultation process in July 2012 acknowledges absorptive capacity issues in Yemen, albeit selectively. The paper refers to the inability of the government to attract and retain highly qualified and skilled staff, which affects planning, negotiations, coordination, and implementation of aid programs. It also points to the lack of cooperation between government agencies in the management of development cooperation as well as the lack of a clear process of implementation, indicating that other ministries' direct relationships with donors in the negotiation stage undermines the role of MoPIC.

The paper examines both donor and government systems, putting the blame mainly on donor institutions for numerous factors such as the politicization of development cooperation and conditionality as well as problems of understanding the volume, quality, and timing of overseas development assistance. It additionally explains that lack of aid predictability is a key factor in delaying implementation and points to donors’ unwillingness or inability to meet the government’s requests for information, which “reduces levels of transparency and accountability in the delivery of assistance.”

The paper fails to address other core issues affecting aid capacity such as the relationship

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4 Interview May 26, 2013
5 A partnership to improve the Flow and Absorption of External Assistance to Yemen, MOPIC, July 2012
6 Ibid
7 Ibid
between beneficiaries and government (aid accountability and ownership), perceptions of corruption that deter donors from investing through government systems, or any steps of reform the government of Yemen intends to take in order to increase efficiency and build capacity.

In discussing absorptive capacity, both the government and donors have avoided providing real solutions to the capacity problem, and often advanced quick fixes that were not sustainable. However, by continuing to point to absorptive capacity issues while avoiding the underlying root causes of absorptive capacity, donors appear to be hiding behind a convenient excuse to justify limited intervention in the country. A candid discussion on aid absorptive capacity root causes and impact on the Yemeni society is still missing.

II. Government Capacity

1. A dysfunctional civil service

Civil service in Yemen is politicized, large, underpaid, and inefficient. The civil service bureaucracy affects the delivery of services and reflects badly on government performance. The problem here is classic: A mélange of power abuse and inefficiency. It is not quite clear how the government of Yemen expects to tackle this issue under the current framework agreed between the government and donors.

Furthermore, there are no government measures to remedy this problem or sustain former reform initiatives which were conducted in the mid-90s as part of the International Monetary Fund's Structural Adjustment Program with the Government of Yemen. The civil service sector is viewed as a main social safety net for many Yemenis, Yemeni graduates desire posts within the civil service given the limited private sector work opportunities in Yemen.

Interference of Yemeni officials in the hiring and firing of staff is also one of the main impediments to an effective civil service. A high level official from the Ministry of Civil Service indicated that his bureau receives a high volume of letters from various government offices “recommending” employment and transfers of certain individuals who often do not have the right level of skill and qualification for the jobs they have been recommended for, or who want to quickly advance before others waiting their turn. The respondent indicated that people have expectations that such endorsements from the officials are supposed to be effective immediately, which is a difficult task given the fact that the Ministry is not able to allocate jobs or budgets associated with them. He explained: “Despite our efforts to implement the law in recruitment of civil servants, a significant number of ministers, parliamentarians, and Shura members intervene negatively in the process through nominating their own candidates.” The respondent was also critical of the role of governors—outside of Sana'a and Aden—who interfere in the hiring of many staff in their districts in order to gain political support. Such interventions often sideline other applicants who have been waiting to be employed for years, and consequently undermine confidence in government institutions and reform initiatives.

Likewise, President Abd Rabbuh Mansour Hadi’s decision in 2012 to hire 60,000 Yemenis in the already bloated civil service was a political move that has the potential to overburden the
government of Yemen in the long run. For many politicians, decisions to provide immediate employment for vulnerable Yemenis enables the government absorb some level of public discontent. But these decisions have devastating consequences on the civil service and the Yemeni economy. It has been reported that 40% of the people who were contracted under this presidential decision receive their salaries on time; however, they are unable to report to work as there are no jobs allocated to them.

2. Corruption

Yemen ranked 156 out of 174 countries assessed for perceived levels of corruption by Transparency International in 2012. While corruption is not a prohibitive factor for the provision of financial assistance, it is one of the issues that if left unaddressed could lead to either inefficiency in disbursement, limited disbursement, or the creation of funding mechanisms that may consume a significant amount of resources and weaken the government’s capacity in the long run.

In addition, cronyism and nepotism are rampant in the government structure, which alienates well qualified people who are outside of the elite circle. There are numerous dilettantes who occupy key positions in the civil service because of their party affiliation and tribal connections. Such structure stymies merit employment and encourages complacency and corruption. Youth and independent civil servants who exhibit signs of promise and efficiency are often undermined in their own establishments as a result of internal competition for civil service posts.

Furthermore, there is a culture of impunity in Yemen that is thwarting efforts for change and reform. There are rarely any sanctions for wrong-doing in the government. The government of Yemen has systematically failed to address grand and petty crimes whether before or after the transitional government took over. Impunity includes lack of accountability for various violations, arbitrary administrative measures, and lack of respect for the rule of law. This culture forces donors to impose stronger fiduciary risk measures and limit their intervention.

3. Cabinet's lack of cohesion

The composition of the current transitional cabinet spells out clear signs of ineffectiveness, which is in turn a major cause of concern for the majority of Yemenis as well as the donors. Cabinet members are divided along party lines. While having cabinet members from different parties is not in itself a negative characteristic, competing party interests threaten the ability of cabinet members to work collectively in order to achieve goals that would serve the national interest.

Having a strong cabinet is a critical component of an effective, functional government, one where there is a collegial spirit of inter-ministerial coordination and policy planning for the benefit of all Yemeni regions. The cabinet as it currently stands is weak in this respect.

Yemeni people's trust in the current cabinet is eroding quickly for many reasons: First, there is some level of mismanagement when senior staff—including members of the cabinet—are placed
in positions that do not necessarily correlate with their interests, skills, or experience. Second, the government of Yemen sends the wrong message when it places someone less qualified than their own staff to head important ministries and departments. Donors lose confidence in the government when candidates for good positions are de-selected or demoted based on their political affiliations. Furthermore, some ministers are evaluated on their ability to attract donor funding; according to a minister in the current cabinet: “A Minister of Education could be reprimanded if he is not bringing as much revenue from aid as a Minister of Health for example.” A radical paradigm shift is required in the Yemeni administration to see itself as an implementer of change rather than a beneficiary of the system.

Policy dialogue among ministries needs to be developed in a way that would eliminate the current competitive environment that permeates between the ministries. It has often been the case that cabinet members have competed for donor projects and donor interest in a way that portrayed the government as incoherent and divided. This approach needs to change. Quantifying success for ministries needs to be correlated with the work that is being implemented and delivered to people as opposed to the minister’s ability to attract donors’ project and interest.

4. Cumbersome internal procedures

Inefficiencies have become a staple of the Yemeni administrative style. Citizens are often compelled to pursue a plethora of entities to get the appropriate signatures on documents. Excessive delays are also the norm in dealing with Yemeni government institutions, which is a cause of concern for both Yemeni citizens and international donors. The majority of people who deal with administrative issues undergo cumbersome bureaucratic procedures; even mundane requests often require approval from decision makers at the highest level. For example, simple travel authorizations of general directors and other officers in the ministries—including travel requests for training and conference participation—require the Prime Minister’s approval.

Most of these problems point to a trend of excessive centralization in decision-making. They also point to weak procedures in government institutions. The Yemeni government needs to engage in administrative reform. In recent months, public discussions have raised the need for serious changes in the structure and practice of public administration; such calls demand an appropriate response from authorities if public confidence in the government is to be maintained.

III. Donor Behavior

1. Overlooking ownership: When the government is the last to know

Yemen’s development strategies have seldom developed organically. Most aid development programs have been largely inspired through donors’ guidance and vision. Donor-driven ownership has resulted in projects with low impact and contributed indirectly to the weakening of locally driven initiatives.

8 Interview with a minister in the 2013 cabinet, February 2013.
A major impediment to effective aid programming in Yemen is the inability of the government to efficiently and succinctly articulate the challenges it faces. The political and economic pressure that senior officials in the government are subjected to pushes them to lobby for aid and accept it in whatever shape or form it comes to the country. The government also feels powerless in terms of aligning the donors to disburse funds in line with its priorities; as such, there are no agreed mechanisms in place to ensure the efficient use of incoming aid. Also absent is a process of internal consultation, as well as mechanisms within the Yemeni government that would enable real ownership of development programs.

It is important to understand that ownership of programs goes beyond the mere accepting of the rationale of an idea or supporting the organizations responsible for implementation. Having ownership is an inclusive experience that starts from the highest level of government down to the poorest of Yemenis. Driving a process that first and foremost puts Yemeni citizens’ needs at the center of debate and ensures effective coordination and buy-in from all implementers involved is the primary ingredient for successful cooperation.

Despite the willingness and emphasis on donor-government coordination, challenges in making this coordination work are evident throughout the policy cycle of any donor funded initiative, and this is evident at all stages of the aid development process, from inception to execution. The most recent examples are around the coordination for the Consultative Group Meetings from 2010 to 2012. In October 2010, the Government of Yemen was the last partner to receive the paper of the Multi Donor Trust Fund (MDTF). The paper was prepared and discussed between the donors and the World Bank without consultation with the Ministry of Planning and International Cooperation, which was the main authority that initiated the discussion on the MDTF in April 2010.

Simple processes such as the delivery of meeting invitations in 2011 and 2012 were vague and arbitrary. Coordination between the Kingdom of Saudi Arabia and the United States on date setting for consultative meetings did not involve the Yemeni side until late stages of the process. A representative from MoPIC spoke about an embarrassing incident with the Arab Fund representative who was turned away from the meeting in New York because the donors failed to add him to the attendance list; he said: “There is a certain level of centralization with donor agencies where coordination and agenda setting is preferred to be led by the donors.” He added: “The ownership rhetoric is obsolete; we are not able to drive any process as long as donors are competing for authority. We [the Government of Yemen] are in the backseat.”

The policy of the Yemeni government has often been focused on maximizing aid flows to the country, even if it meant loss of ownership. The government of Yemen supports a non-interventionist approach to aid in order to encourage donor investment in Yemen. This laissez-faire method of monitoring and evaluation of donor approaches has led to over-concentration of services in areas that are of interest to donors, but not necessarily viewed as important problematic points of work for many Yemenis.

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9 Interview with MoPIC & MoF April 21, 2013
So the question here is how can we guarantee the effectiveness of aid when the government consistently fails to drive the process?

Drawing on the experience noted in the development of the MDTF and other donor-funded programs in Yemen, it becomes clear that there are many reasons why coordination staggers at the inception of any Yemen-related program: First, donors are often careful about sharing any concept note with the Yemeni government until it is cleared and approved by the higher levels of their institutions; in this process, the donor as a stakeholder is ensuring their own ownership of the program and availability of resources prior to making commitments and allocating the funds. Consulting with other donor governments is usually the second step in the process, followed by the final consultation with the recipient Yemeni government.

Second, donors have their own communication challenges, and when protocol is observed, it is often sought in a way that may result in having the information communicated to the wrong entity in the Yemeni government. For example, program design issues could be conveyed to the Ministry of Finance or Ministry of Foreign Affairs, in lieu of using the Ministry of International Cooperation as the main body responsible for the donor mandate. This often brings back the discussions to square one when formal negotiations take place.

Finally, it has been noted that personalities trump the principles of coordination in many instances. Donors find it easier to speak to certain officials in the Yemeni government who are fluent in English and deemed to be influential. They seek their views to guide the formulation process of any proposed project. This may lead to projects being formulated according to input from individuals who do not necessarily have any experience in the type of procedures needed for effective design and implementation of the project.

2. Reluctance in engaging in long-term reform

There is an evident lack of willingness from the donors’ side to engage in discussions with the Yemeni government on topics that are deemed to be of a “sensitive” nature. This impacts the mechanisms of delivery directly. Corruption is a key example. Short- and medium-term measures cannot substitute more coherent approaches that address the underlying causes of corruption and provide a basis for longer term development of government systems. It is important to adopt measures that are focused on establishing effective government-donor relations and that would continue building momentum for government reform.

3. Safety and security

Donors' initiatives are hampered by the limited ability of international experts to move freely in Yemen. This problem should not be underestimated as it limits the impact and reach of aid programs. Foreign aid organizations in Yemen today work behind huge barricades and utilize heavy security and armored vehicles for their internal movements in the country, and have little to no access to rural areas. Even in a city like Aden, where some UN agencies exist, non-Yemeni staff are often restricted from visiting their program sites. Consequently, many donors and foreign service missions have lost their ability to understand the very dynamics that they are
trying to influence. Aid interventions in Yemen have thus been somewhat centralized and limited in their reach and impact on the poor rural areas which make up the majority of the Yemeni population.

Furthermore, foreign consultancy companies, who are awarded contracts, are advised by their governments not to work in Yemen. An official from MoPIC noted that some projects awarded to successful international bidders were delayed because the majority of international bidders were informed that Yemen is not a suitable environment for work. Such travel restrictions have badly affected the pace and implementation of some crucial programs.

While Yemen is indeed less safe for many non-Yemenis who at times are a target of tribal kidnappings or attacks by al-Qaeda operatives, development aid programs have rarely considered the impact of such risks on operations. Lack of security allocations for donors is one of the main impediments for effective aid implementation. Many donor organizations, multilateral, bilateral, and international NGOs have left the country during times of instability and suspended their operations in order to protect the lives of their personnel. What is more is that the World Bank in Yemen offered their locally engaged Yemeni staff an evacuation to Jordan and Washington DC during the time of the uprising in 2011, which many local staff accepted for a period that exceeded 6 months. It is therefore unreasonable to expect a serious impact when many of the international organizations' primary response is designed to be “flight” in times of crises. The lack of an effective response during times of crisis, and in a highly insecure environment like Yemen, has consequences that ought to be examined by the donors.

4. The budget support taboo

While the government of Yemen would prefer assistance to be channeled through government-affiliated institutions, or allocated to its budget through Direct Budget Support, donors almost entirely avoid going down that route as they have fiduciary risks that prevent them from engaging with the inefficient Yemeni bureaucracy. For example, USAID will implement its bilateral assistance through multilateral donors and international Non-Government Organizations and sometimes local Civil Society Organizations. Other donors use the World Bank, the UN agencies, and international NGOs as fund administrators. In some cases, direct government support may not be permitted by some donors’ internal mandates that clearly prevent them from engaging with the government. Consequently, there is little funding\(^\text{10}\) going directly to the Yemeni government budget.

Donors are not overly concerned with aligning themselves with the Yemeni government's priorities as they have their own internal agendas and targets which may not necessarily fit in the short or medium term plans of the Government of Yemen. But the Yemeni government is unable to re-direct aid for fear of losing assistance. The country’s multiple compounded development, economic, and security challenges have made it difficult to turn away funding even when it targets areas that are clearly not a priority for the Yemeni government. The donors have yet to identify an approach whereby they can contribute to improving critical areas where the

\(^{10}\) The current numbers from the MAF commitments are estimated at 30% of total foreign funding.
government of Yemen needs assistance. Avoiding budget support makes it harder for the Yemeni government to address the challenges it faces in the economic and development sectors.

5. The Arab donors

Western donors believe that steady, predictable, and accountable funding from the wealthy Gulf has the potential to help bring much needed stability for vulnerable Yemenis. The Gulf countries have played a significant role in stabilizing Yemen economically during the 2011 uprising and after the subsequent tribal attacks on Yemen’s oil pipelines. It is also important to note that the Gulf countries are already the biggest donors to Yemen. Saudi Arabia and Kuwait present copious amounts of assistance to Yemen every year, with the former contributing $3.25 billion since the uprising in addition to fuel grants.

Western donors believe that the Gulf countries need to play a stronger role in the development of Yemen given that a political or economic crisis in Yemen could destabilize the Arabian region. But those donors are concerned that aid resources from the Gulf are unaccounted for. Some western donors have expressed concerns that such funds do not have the required fiduciary mechanism. There is an overall perception that the government of Yemen is not transparent in its disbursement of funding which makes the grants highly susceptible to corruption and mismanagement.

Western donors also believe that funding from Arab donors may empower certain Yemeni actors who could play a negative role in the political system (such as tribal actors or former regime followers). As such, in their engagement with Arab donors, western donors have focused on the need to coordinate with the Gulf countries. However, this focus on the need for accountability for Arab funding may have overshadowed the need to focus on other aid aspects such as efficiency in disbursement, targeting and accelerating implementation.

IV. Current Initiatives

1. The Mutual Accountability Framework

In order to address the problems of aid accountability, absorption capacity and disbursement challenges, a new aid approach has been promoted underpinned by the Paris Declaration on Aid Harmonization. It is based on donor efforts to provide more predictable support, better coordinate their activities, align behind policies defined by the recipient governments, and rely on government systems wherever possible through what is called the Mutual Accountability Framework (MAF). Yet, the benefits of this approach have been slow to materialize, given the clear difficulties that donors face in “shifting aid accountability downwards” and placing trust in Yemen's governments policies and processes.11

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11  Aid effectiveness and absorptive capacity: Which way for aid reform and accountability. By Paolo de Renzio, Research Associate, Overseas Development Institute.
Donors in Yemen are constantly seeking ways to make aid more efficient, but have often focused on adopting new mechanisms for aid effectiveness that seemed to be theoretically interesting but realistically difficult to implement. The World Bank guided MoPIC into devising the Mutual Accountability Framework (MAF) to monitor progress in implementing agreed commitments and ease coordination between the Yemeni government and donors. A paper by MoPIC assumes that there are two main objectives for the MAF: first is to ensure that the 7.9 billion dollars pledged by the donors would be allocated in time to the government of Yemen, and second, to improve the effectiveness of aid by keeping it in line with the priorities of the Government of Yemen as embodied in its national priority programs in order to achieve the desired development results.

It is not clear, however, how accountability is going to be enforced in this case. The MAF by itself is part of a process that is imperfect in many ways: The MAF’s pillars are based on the 2012-2014 Transitional Plan for Stability and Development (TPSD), which proposes key actions of mutual accountability to be carried out by the government and the donors during the transition period. But given the limited time span of the transitional government, the actions articulated in the Resource Matrix (see Annex) are rushed, and appear to be superfluous. Some reforms are absolutely essential, but there is no clear description of the implementation methodology needed to carry out such reforms. An official in MoPIC noted: “The Matrix focused on reforms that will take a long time to have any impact on the lives of citizens; we need more focus on actual programs at the time of transition”.

While there are some loose guidelines within the pillars that could direct donors into the type of programs they could fund, harmonization mechanisms do not allow for an effective implementation of the MAF as donors prefer to disburse their funds according to their own aid mechanisms and priorities. MoPIC indicated that many bilateral donors favor easy projects where they can disburse funding quickly, such as workshops and direct support to NGOs and international NGOs, while shying away from long-term investment in projects with big budgets.

It is also difficult to hold donors to their pledges if they feel the need to change them; for example, the United States initially pledged a number close to $800 million, which was reduced later on to $345 million, for both economic and security spending. The Government of Kuwait pledged 500 million dollars, but a detailed discussion with the Kuwaiti donors revealed that only 50 million will be delivered as a grant, while 450 million will be delivered as a loan. MoPIC hasn’t decided if it will be accepting this loan as the government debt is soaring high as it is. In addition, there are no real repercussions if the donor governments do not comply. The majority of the funds flow in a way that doesn't interact with the government's plans.

Furthermore, it is not clear how the MAF is binding for the government or how exactly it can accelerate the change required in disbursement. According to MoPIC, “The MAF obligates the government of Yemen to implement selected packages of policies and reforms in each of the pillars and correspondingly obligates donors to extend financial and technical support and allocation of their pledges to priorities and projects of the 2012-2014 Transitional Plan for

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12 Interview with MoPIC May 26, 2013
Stability and Development within three months.”13 But the framework as it is has no real capacity to “obligate” the donors or the Government of Yemen. The country director of the World Bank in Yemen explained the MAF as “A Gentlemen’s Agreement” that is put in place to make sure that all parties deliver on their promises while the Minister of MoPIC responded that the document is merely a “shame and blame” document for the donors who fail to fulfill their promises. The problem with such a thought process is that it lacks a concept of shared risk management. What is happening is that donors and government perceive a certain role for the MAF that reinforces a dichotomy between the government of Yemen and the donors through emphasizing an individual role for each party involved which defies the spirit of a true partnership.

2. Accountability and alignment

The MAF, in theory, could ensure a stronger implementation of resources and management of development results. This would be in line with the Paris Declaration for Aid Harmonization which calls for donors and partner countries to jointly assess mutual progress in implementing agreed commitments on aid effectiveness. However, this joint assessment is meant to take place through existing country-level mechanisms that would monitor and evaluate the performance of both entities. In reality, however, the MAF attempts to have some level of accountability but struggles to align the priorities among the donors themselves, or between the donors and the government of Yemen. A closer look at the MAF shows a layered dual accountability where each side is not only accountable to the other party but also to their own constituencies, which is good in theory but can result in complications and limitations in program allocations: The multiplicity of donors and lack of harmonized funding point to a fragmented accountability that is yet to be addressed.

It is important to note that there is an inherent tension between the inevitable accountability of donor agencies to their parliaments and taxpayers in their countries, and their accountability to institutions and beneficiaries in Yemen, who are directly affected by aid policies and interventions. This dimension has often been overlooked in discussions of development programs and is one of the main reasons why foreign aid sometimes struggles to align with the needs of the country. It is often the case that donors' domestic constituencies may define priorities and promote policies which are not immediately suited to local circumstances:

For Yemen, this has meant that the majority of donors have often relied on fragmented projects with parallel management systems in lieu of strengthening existing mechanisms and systems. MoPIC have nevertheless praised the work of GIZ, and DFID as successful examples of aid coordination, harmonization, and alignment. According to MoPIC, development funding from such institutions is viewed as efficient in addressing “real problems” that challenge the Yemeni society and as contributing directly to minimizing the impact of poverty on vulnerable Yemenis. A high level official in MoPIC noted: “The UK government has been keen on seeking our input when designing aid programs and has always kept us in the loop”. The ministry has felt unable, however, to influence the rest of the donors towards a similar direction in aid allocations.

13 MoPIC Economic Paper for Friends of Yemen March 2013
3. The Executive Bureau

In order to circumvent problems of slow disbursement and coordination, an “Executive Bureau” has been created to accelerate the disbursement of the pledged funds. This new department in Yemen is intended to be a high-level unit that would devise projects as well as act as an autonomous department led by a chief executive and overseen by a board of directors comprised of government ministers, members of the country’s Anti-Corruption Authority and the Tenders Board. More specifically, the governing council would include the Prime Minister and sixteen high level officials, including eight ministers. It is not clear how all these powerful bodies are supposed to work in a way that would guarantee the quick implementation of the projects. Given this set-up, the Executive Bureau (EB) will most likely harbor further coordination problems within its composition.

Neither donors nor government have the same vision of the role and function of the EB. All stakeholders in this process have extremely divergent views on how the EB should work and the nature of its function. This lack of understanding reveals many loopholes and worrying signs of control from both the donors and the government of Yemen. This initiative also includes many players who appear to want to maintain their influence over the way the funds are to be disbursed and coordinated.

Article (3) of the presidential decree stipulates that the objective of establishing the Executive Bureau is “monitoring and follow-up on the implementation of projects financed by donors, and to accelerate pledges and support the implementation of a common framework for mutual accountability between the government and donors.” Some of the donors, however, prefer that the EB's functions are restricted to coordination. As such, negotiations on the function of the EB have continued to evolve even after the issuance of the decree.

Problems with the EB started at the onset of the process with the hiring of the Bureau Head. Both donors and government officials were competing for influence over the selection of the candidate. The interview panel for the Head of the EB post was organized by the Government of Yemen and the World Bank (the WB did not participate in the evaluation but it was present and played a facilitation role). The evaluation panel was comprised of the Minister of Planning & International Cooperation, the Minister of Finance and the Minister of Civil Service from the Yemeni side, and Ambassadors of USA, UK, European Union and the Gulf Cooperation Council (GCC). In addition, two deputy ministers of MoPIC and a representative from the Prime Minister's office were present.

Contention arose when the donors ranked the shortlisted candidate, Mr. Naji Abu Hatem – who is a well-qualified Yemeni and a long veteran of the World Bank – as their desired candidate. The government of Yemen had secretly harbored a desire to turn him down in order to hire the

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14 The government perceived the function as “to help government agencies involved in the setup and preparation of projects, supporting the Ministry of Planning and International Cooperation, and other government agencies involved in the implementation of projects financed by donor pledges; strengthening the partnership between government and development partners in the follow-up to accommodate donor pledges; coordination between the relevant authorities regarding the implementation of reforms and commitments contained in the joint framework document of mutual responsibilities between the government and donors; and the development and modernization of the information system projects and external grants funding.”
other contender and seemed to be embittered by the nomination of Mr. Abu Hatem, who had meritoriously scored highly among all stakeholders. Interviews indicated that while the other contender seemed to be capable, he was described to be “more of an academic than a practitioner.” It was also reported that this specific contender is affiliated with al-Islah political party.

The story of the EB was short-lived, as the newly recruited Head of the EB realized that there were structural issues in the design of his function that hindered him from acting effectively. Mr. Abu Hatem felt compelled to resign one month after accepting his position. According to Mr. Abu Hatem, “the government created a body that entrapped it.” He explained that the ambiguity of the functions, excessive interference from all involved, and the lack of allocations to the Executive Bureau were issues that stifled progress. Mr. Abu Hatem added, “I have seen this happen before in other initiatives that failed, and I am not sure why they are repeating these mistakes again now.”

In addition, expectations for the Bureau were high, but the authority and mandate given for it to perform its functions were limited. The objective and tasks of the EB described in the decree were not as what they were advertised to be. From the outset, the description of the role was supervision, monitoring, helping, supporting, and assisting in coordination and development only. There were no specific terms of reference that the donors and government of Yemen agreed on. The Executive Bureau was hence turned into a coordination secretariat which did not seem to fulfill the mandate it was set out for.

Prior to resigning, Mr. Abu Hatem submitted his vision of how the Executive Bureau should be managed in order to fulfill a more specific mandate and avoid pitfalls that were associated with such initiatives. He submitted a counter-proposal to detail the functions of the EB and its coordination with the Ministry when he tendered his resignation, but it has been completely sidelined. Soon after his resignation, the World Bank proposed the hiring of a non-Yemeni to head the Executive Bureau as a temporary measure for the next six months, which the government of Yemen reluctantly accepted. According to several officials in MoPIC including Deputy Minister Dr. Mohammed al-Hawri: "By the time they find someone for the job and get them up to speed on Yemen's development issues and politics, the period of transition would be over.”

But issues related to the EB far exceed the personalities and efficiency of people who head it. It is not clear yet who funds the EB and whether the funding will be sustainable for this unit and for how long. It is also not known if it will be a permanent structure or if it would get dissolved after the transfer of funds. If the former, how will the EB be sustainable in the long run? The most important question that MoPIC is asking is whether the EB is going to boost its capacity in the long run, or simply take over the Ministry’s function.

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15 Interview with various officials and staff in MoPIC.
Many officials in the government are concerned that the new person in the EB will be someone who would act as a "puppeteer" for World Bank and donors' policies. It is expected that the new position will host someone who will not challenge the current inefficient modus operandi of both the donors and the government. Officials in the Yemeni government worry that a relatively independent person who will be working as an “expat” funded by the donors, will report first and foremost to his employers and may therefore be tilted towards the agenda of the donors rather than the government of Yemen. According to the Mr. Mohammed al-Maswaree from MoPIC, “When expats are confronted with the reality of government business, they tend to highlight shortcomings in in the Yemeni government without providing any insight to what can be done to remedy this and how.”

V. Status of Funds

MoPIC has indicated that the pledged funds have started flowing into the country as expected. Out of the 27 countries and funds that pledged money to Yemen, only 12 have actually allocated funding. Officials at MoPIC cited that the MAF appears to have succeeded in building momentum and galvanizing the international community; but it has not directly helped in facing challenges in the development and economic sector as intended, nor has it provided any mechanisms for channeling donor funds effectively. For example, the US has pledged $345 million, of which half is allocated to counter-terrorism assistance and the rest is channeled through USAID, OTI and other multilateral agencies for implementation. The program allocations require little to no input from the government of Yemen or the rest of the donors on the types of programs that could benefit the country.

Yemen's general economic conditions have been fluctuating, but the government of Yemen has mainly averted an economic crisis thanks to the continued sustained contribution of The Kingdom of Saudi Arabia, which has successfully delivered 1 billion dollars to Yemen within its MAF commitments. Other donors have channeled their funds as promised, while donors like Qatar and UAE are yet to deliver any of their pledged resources.

It is worth mentioning that donors who delivered the assistance pledged were the same donors who have a history of working with Yemen through their bilateral assistance programs. A closer look reveals that the majority of the funds being delivered now are neither different nor higher than the funds that have been channeled through bilateral mechanisms which existed long before the MAF. The donors who were not active in assistance have yet to deliver.

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17 According to a CRS background report November 1, 2012, the US government provided Yemen with over $316 million in bilateral aid (FY 2012) from a dozen foreign assistance accounts managed by the Defense Department, State Department, and USAID. The Administration planned to provide $346 million in FY2012, which was the largest amount of bilateral assistance ever provided by the U.S. to the government to Yemen. This can be compared with FY 2011 when Yemen's allocation reached around $160 million. FY2012 U.S. assistance includes military, economic (job creation, infrastructure rehabilitation, micro-finance, and agriculture development), democracy (reforming the electoral system, youth engagement), and humanitarian programs (water and sanitation, emergency food, health services).
Certain functions were delegated to the EB and have caused some contractual obligations to lag behind as the country awaits the new EB hire. MoPIC officials cited that some functions such as approving projects and contracting firms to prepare feasibility studies are things that MoPIC has done in the past, but fall out of its control now. The fact that the EB's office is still unmanned seems to have affected the aid distribution process. The ambivalence by both the government of Yemen and the donors to move forward in decisions such as a new hire for this post, or an evaluation of the role of the EB and charting out its mandate, is yet another sign of concern regarding the efficiency of the aid process.

**Conclusion**

Yemen's vulnerable and poor people see no visible effect of the current transition process: Prices remain high, services are not provided adequately, and there are regular power outages, placing even greater pressure on people. Some areas appear to be excluded from the government's reach and influence. This is directly related to the weak capacity of government in reaching out to the vulnerable communities and as such, not all districts and governorates are represented or affected by aid. There is also a propensity to help the centers of cities without paying attention to the poor districts. Some areas in Yemen receive little to no assistance because both government and donors are unaware of the situation of these areas and have not budgeted for a sustainable intervention.

Despite the transitional government's efforts in catalyzing funds for the country, the Yemeni government lacks both the means and perception in the management of aid resources. The situation in Yemen is volatile at this time of transition, and the government of Yemen has not been able to provide more than verbal assurances of its renewed commitment to dealing with additional funding. There is little evidence that governance trends in Yemen have succeeded to reassure donors that additional aid will not fuel patronage, corruption, and conflict. Likewise, donors have not set clear targets that could be measured as a result of this assistance. The majority of the donors continue to give their support in a bilateral fashion, with as little alignment as possible with the Government of Yemen. One of the main problems that affect the disbursement of pledges is the preference of both government and donors to create parallel institutions as a mechanism to channel aid to Yemen, without addressing the real absorptive capacity constraints needed by the government in order to maximize aid effectiveness and promote better governance mechanisms in the country.

Yemen is now entering a new phase of a state-building process. The national dialogue is paving the way to the adoption of a new constitution which will open new possibilities for the establishment of an effective government. Just like the President of Yemen took bold initiatives to restructure the army, similar steps in government must be taken now to redefine the government of Yemen’s position vis-à-vis the civil service. Given that Yemen is now working towards inclusion and addressing the demands of the youth, it would be more suitable for the government of Yemen to move away from a heavy-handed centralized structure and steer the process of change, rather than control it.

Donors will need to consider supporting these initiatives by investing in people. It is only
through strengthening the capacity of the Yemeni people, who are the direct beneficiaries, implementers, educators, engineers, and administrators that there will be an improvement in Yemen for the long term. The MAF will need to put a great emphasis on building the capacity of different parts of the Yemeni society by allocating sufficient capacity building components into its programming. Central to this is aiding the government of Yemen in finding and attracting good investment opportunities for the private sector that would ultimately reduce the burden on the civil service.

The development of a truly democratic system in Yemen needs to be reflected in all levels of programming, especially aid programming, in a way that would secure efficiency at all levels of implementation. The process needed herein is not the creation of a parallel structures but a mixture of both short-term and long-term strategies that would avoid overspending on designing costs, and maximize the input of aid contributions to benefit vulnerable Yemenis.

**Recommendations**

Yemen is far from being an example of effectiveness in aid management. The majority of the donors and the government of Yemen share a certain ambivalence about efficiency for the sake of pushing funds through. There is a need for a thorough – and reasonably budgeted – external evaluation of the aid development process in Yemen that would look at the efficiency, effectiveness, monitoring, and coordination of this process and the impact achieved.

**Recommendations for the Government of Yemen:**

- **Identify areas for intervention based on current needs and budget deficiency:** This is crucial if the government of Yemen is to lead donors into stabilizing the short- and medium-term economic and development environment of Yemen. This would be the first step in taking real ownership of aid initiatives and leading donors in developing programs that correspond to Yemen's needs. It is important to examine the issue of ownership and bring it back to the center of aid coordination with the government of Yemen. The relationship between aid and political commitment to development goals at a country level should not be underestimated. The government of Yemen will have to steer donors towards priorities and development plans that are developed from within elements of the Yemeni government to ensure ownership from the various stakeholders who need to be involved in this process.

- **Strengthening implementation mechanisms:** While applying structural changes through a Civil Service Reform program at this stage might be overly ambitious, other steps could be taken to work on this issue such as re-defining the role of MoPIC and paying attention to the phenomenon of unqualified civil servants and recruits, especially at high levels in the government. There is a need to promote people who are committed to public service and quality in lieu of encouraging the current complacency in this sector; in order to maintain efficiency, key positions in government need to be insulated from undue political influence, and arrangements to recruit the administrators and civil
servants need to be based on productivity and merit rather than political affiliation or political indicators;

- **Maintain accountability** to the people of Yemen: Aid mechanisms are created to ease spending, benefit a wider group of people, and maximize the efficiency of aid in order to achieve a positive impact on the poor. The current process is overburdening the Government of Yemen in commitments and reform from which the poor have little benefit;

- **Policy coordination**: Work on policy should be integrated in ministries and given appropriate attention. Policy analysis and planning need to be accompanied by a reasonable budget for implementation. Policy dialogue among ministries needs to be developed in a way that would eliminate the current competitive environment between the ministries. Quantifying success for ministries needs to be correlated to the work that is being implemented and delivered to people as opposed to “the minister’s ability to attract donors’ projects and interest”;

- **Swiftly agree on effective aid instruments for the implementation of funds**, bearing in mind that the end objective is to maximize the impact of development assistance. The mechanisms need to allow aid to flow regularly, be based on clear budgeted plans and priorities that are developed by the government, and address the policy cohesiveness issues, as well as social exclusion and inequality. As Yemen has severe limitations, whether in resources or capacities, there is a need to start incorporating clear policy lines that would address the issues of gender and social exclusion in the process as early as possible. It is also important to lead donors in harmonizing their efforts and diversifying their focus to areas outside of the capital. It is also important to carefully negotiate new initiatives and understand the added value and impact of such initiatives on the economy, development, and Yemen's poor;

**Recommendations for Donors:**

- **Avoid the temptation to create parallel structures to the Government of Yemen**: Consider stronger fiduciary and coordination aspects without falling into the need to create new institutions. The focus here should be on strengthening partnerships with the government and local community through building capacity: It is crucial to shift the focus from coordination with the government to building the capacity of the government in responding efficiently to the Yemeni people in order to achieve the maximum results in widening the targeting of beneficiaries. Both sides need to find ways to empower the process of aid delivery;

- **Strengthen ownership by** empowering the government of Yemen to achieve its vision and plans through true partnership and better cooperation and alignment to Yemen's development and economic priorities; this should be done while keeping in mind the need to curb or eliminate initiatives that weakens the capacity of the government,
• **Find new security strategies to cope with current challenges**: Donors need to overcome the security hurdle by either allocating sufficient resources to deal with the threats associated with the security of their staff, or by recruiting staff from Yemen that do not have the same level of threat against them. Some donors are becoming more adept by hiring regional Arab staff who may be less prone to security threats. In addition, employment of locally contracted Yemen staff may be another step to approach this problem as there is a significant number of young Yemenis who can contribute in the development processes of their country.
Yemen Transition Mutual Accountability Framework

**INDICATOR MONITORING MATRIX**

### Pillar I. Work towards Coherence between the Priorities of the Budget, the Public Investment Program (PIP) and the Transition Program for Stabilization and Development (TPSD).

<table>
<thead>
<tr>
<th>Government Commitments</th>
<th>Indicator(s)</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
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<tbody>
<tr>
<td>Ensure coherence between the TPSD, the PIP and the budget in order to implement key short-term priorities and accelerate key medium term priorities.</td>
<td>Establish through a decree a joint task force from MoPIC and MoF to undertake the following:</td>
<td>End December, 2012</td>
<td>MoPIC and MoF Prime Minister</td>
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<tr>
<td></td>
<td>- provide status report</td>
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<td>- conduct a technical workshop and conduct consultation with government agencies</td>
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<td>- present an agreed upon and specific coherence and institutionalized mechanism</td>
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<td>- undertake the development and production of a common coherence manual</td>
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<td>- approve the mechanism and manual by Prime Minister</td>
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<td>- establish a training program for MoPIC and MoF on manual implementation</td>
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<td>- Improvement of database systems in MoPIC and MoF across all levels</td>
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<td>- Inclusion of PIP projects in the budget</td>
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<td></td>
<td>- Establish a timetable between the government and each individual donor for discussing and agreeing on indicative pledge allocations to TPSD/PIP and donor indicative disbursement plans</td>
<td>End December 2012</td>
<td>MoPIC</td>
</tr>
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<td></td>
<td>- Conduct a follow-up meeting between government and all donors on status of pledge allocations and indicative disbursement plans.</td>
<td>January 2013</td>
<td>MoPIC</td>
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<tr>
<td>Continue the implementation of stable macro-economic policies and keep engaged in a conducive dialogue with the IMF, beyond the completion of the ongoing program under the Rapid Credit Facility.</td>
<td>- Establish a timeframe for negotiations and introduction of a new IMF facility</td>
<td>December 2012</td>
<td>MoPIC/MoF/IMF</td>
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<td>- Identify with the government key indicators to monitor output and outcome (2 year period) to stimulate dialogue</td>
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<td>- Ensure reliable monitoring systems</td>
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<td>- Ensure accountability</td>
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<tr>
<td>Donor Commitments</td>
<td>Indicator (s)</td>
<td>Timeframe</td>
<td>Implementing Agency</td>
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| Commit to allocate financial pledges in accordance with priorities of TPSD and the PIP by the end of 2012 at the latest, reflecting the urgency of the transition. | - Establish a timetable between the government and each individual donor for discussing and agreeing on indicative pledge allocations to TPSD/PIP  
- Establish a timetable through individual consultation financial pledge allocations tabulation | December 2012 | MoPIC/individual donors       |
| Provide indicative disbursement plans before the end of Yemen’s fiscal year 2012. | - Establish a timetable between the government and each individual donor for discussing and agreeing on donor indicative disbursement plans  
- Discuss and agree with the government on indicative disbursement plans | December 2012 | MoPIC/individual donors       |
| Re-align un-committed pledges including those from 2006 to the extent possible to priorities identified in the Transition Program and PIP. | - Monitor absorptive capacity in the short term and medium term |             | MoPIC/donors                 |

**Pillar II. Create Employment Opportunities particularly for Youth and Women.**

<table>
<thead>
<tr>
<th>Government Commitments</th>
<th>Indicator (s)</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
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</table>
| Promote labour intensive public works where possible to maximise employment.          | - Labor intensive programs ie., the Social Fund for Development, Public Works Project and Rural Access Roads Program to provide for 100,000 temporary jobs.  
- Labor intensive programs to scale up their capacities to respond to high levels of aid flows. | 16 months | MoPIC/MoF/SFD/PWP/RAP         |
| Adopt more conducive policies for micro, small and medium enterprise development and expand micro and SMEs programs. | - Establish a Public-Private Dialogue Framework.                           | 90 days     | GoY and Federation of Chambers of Commerce |
|                                                                                      | - Issue a decree to establish a facility to support access to finance and provision of TA for SMEs. | 6 months   | MTVET/Cabinet of Ministers    |
|                                                                                      | - Engage the private sector in public and private universities and vocational training colleges to inform the curriculum and create apprenticeship employment opportunities. | 16 months | MHE/MTVET/Federation and Chambers |
|                                                                                      | - Establish a joint government-private sector Task Force to conduct diagnosis of needs and constraints related to access to GCC labor markets. | 90 days     | GoY and Federation of Chambers of Commerce |
### Establish a conducive environment for attracting Foreign Direct Investment from the GCC and other countries.

- Establish a laborforce database  
  16 months  
  CSO
- Review the investment bylaw to strengthen GIA’s promotion function.  
  6 months  
  GIA, Cabinet and Parliament

<table>
<thead>
<tr>
<th>Donor Commitments</th>
<th>Indicator (s)</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct existing and new programs in ways that strengthen employment opportunities targeting youth and women.</td>
<td>Donors’ progress report to the MAF Steering Committee</td>
<td>Quarterly</td>
<td>Respective donors</td>
</tr>
<tr>
<td>Provide financial and technical assistance to promote micro, small and medium enterprise employment, particularly targeting youth and women.</td>
<td>Donors’ report to the MAF Steering Committee accounting for financial and TA</td>
<td>Quarterly</td>
<td>Respective donors</td>
</tr>
<tr>
<td>Support the government to create a conducive environment for the private sector to participate in these efforts.</td>
<td>Donors’ report to the MAF Steering Committee on progress made and constraints</td>
<td>Quarterly</td>
<td>Respective donors</td>
</tr>
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</table>

### Pillar III: Good Governance, Rule of Law and Human Rights.

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<tr>
<th>Government Commitments</th>
<th>Indicator (s)</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
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<tbody>
<tr>
<td>Take the necessary steps to allow investigation, prosecution and trial of high officials charged with corruption.</td>
<td>Letter to be sent by the Cabinet (copied to the Speaker of the Parliament) to propose amending Law No. 6 of 1995 on ‘Indictment and Trial Procedures for High Level State Executive Posts’ to allow for investigation, prosecution and trial of high officials above the rank of Deputy Ministers for charges of corruption, fraud, bribery and embezzlement, without requiring approval of the President or the Parliament by 2/3rd majority.</td>
<td>End January 2013</td>
<td>Cabinet Secretariat; Ministry of Legal Affairs SNACC</td>
</tr>
</tbody>
</table>
| Ensure autonomy of the Anti-Corruption Commission and establish an anti-corruption court | 1. A letter is sent by the Cabinet to the President to underline the need of an adequate budget for SNACC in carrying out its work.  
2. An (three-judge) Anti-Corruption Court has been established under the Public Funds Court of Sana’a to conduct trials of corruption cases on a centralized and exclusive basis in the country. | End December 2012 | The Cabinet Secretariat; Supreme Judicial Council; Ministry of Justice |
| Initiate practical steps towards realizing the autonomy of the Central Organization for Control and Auditing (COCA) | Submission to the Parliament of amendments to the Law no. 39 of 1992 concerning the ‘Central Organization for Control and Audit (COCA)’, to make COCA independent of the executive by (1) Appointment of a President for COCA who is nominated by the President and approved by the Parliament. (2) Setting a 5 | End December 2012 | Cabinet Secretariat Ministry of Legal Affairs |
year minimum tenure for the COCA President, and allowing only for one reappointment (2nd term); (3) giving autonomy to the COCA President to appoint his Deputies and other staff, and (4) changing the prime reporting duties by COCA by making it accountable to the Parliament rather than the executive.

**Observe independent and transparent merit-based recruitment through vetting process of senior civil service appointments**

- As of November 1st, 2012, job vacancies are publicly announced through different media outlets (newspapers, web pages etc.), and the names of those to whom a job offer has been made and who have accepted such an offer are published in the same media outlets which were used to publish the respective vacancy announcement.

**Implement the program to remove ghost workers and double dippers in the civil service system including the military and security.**

- The Ministry of Civil Service reports bi-annually to the Cabinet on the progress made in identifying and removing ghost workers from the civil service payroll. In doing so, it also identifies the problems and obstacles ahead with regard to the task.

**Initiate administrative action against civil servants against whom competent courts have issued conviction orders.**

- As of November 1st, 2012, job vacancies are publicly announced through different media outlets (newspapers, web pages etc.), and the names of those to whom a job offer has been made and who have accepted such an offer are published in the same media outlets which were used to publish the respective vacancy announcement.

**Release those that have been detained without charges**

- A report has been delivered to the Cabinet accounting for the detainees release.

**Observe budget transparency – including revenues from oil and gas and other natural resources**


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<table>
<thead>
<tr>
<th>Donor Commitments</th>
<th>Indicator (s)</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide financial and technical assistance to support public accountability and anti-corruption and human rights</td>
<td>Donors to provide reporting to MAF Steering Committee on financial and TA</td>
<td>Quarterly</td>
<td>Respective donors</td>
</tr>
</tbody>
</table>

**Pillar IV: Increase effectiveness of key service sectors, and partnering with the private sector in PPP**

<table>
<thead>
<tr>
<th>Government Commitments</th>
<th>Indicator (s)</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finalize and submit to parliament PPP and special economic zones legislation</td>
<td>Public-private sector consultation on PPP Unit work structure with the participation of donors and CSOs is conducted</td>
<td>2 months</td>
<td>MoPIC/MoF</td>
</tr>
<tr>
<td>- PPP Unit is established</td>
<td>2 months</td>
<td>MoPIC/MoF</td>
<td></td>
</tr>
</tbody>
</table>
### Initiate pilot PPP transactions in infrastructure sectors

<table>
<thead>
<tr>
<th>Action</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Manakah Tunnel</td>
<td>March 2013</td>
<td>MoPIC/MoF/MoP/W/MoT</td>
</tr>
<tr>
<td>- Sanaa and Aden Airports’ private management contracts</td>
<td>March 2013</td>
<td>MoPIC/MoF/MoP/W/MoT</td>
</tr>
</tbody>
</table>

### Implement power sector reforms for scaling up investment and efficient service delivery.

<table>
<thead>
<tr>
<th>Action</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>- A task force for the revision of the electricity law (public private sector participation) is established</td>
<td>March 2013</td>
<td>MoPIC/MoF/MoE/MoOM/GIA/Private sector</td>
</tr>
</tbody>
</table>

### Donor commitments

<table>
<thead>
<tr>
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<th>Timeframe</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Donors to provide reporting to MAF Steering Committee on financial and TA</td>
<td>March 2013</td>
<td>IFC and other donors</td>
</tr>
</tbody>
</table>

### Pillar V. Meet Emergency Humanitarian and Material Needs and Deliver Basic Services to Citizens

<table>
<thead>
<tr>
<th>Government Commitments</th>
<th>Indicator (s)</th>
<th>Timeframe</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expand food for education programs.</td>
<td>Malnutrition</td>
<td>December 2012</td>
<td>Lead Ministry of Health with support from UNICEF, NGOs and specialised agencies</td>
</tr>
<tr>
<td>Establish consolidated programs to address malnutrition</td>
<td>- Mapping of malnutrition cases and also of the gaps that will address the causes of malnutrition is conducted</td>
<td>December 2012</td>
<td>Lead Ministry of Health with support from UNICEF, NGOs and specialised agencies</td>
</tr>
<tr>
<td></td>
<td>- Demographic and Health Survey (DHS) is completed</td>
<td>June 2013</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td></td>
<td>- Implementation of the plan to address malnutrition is initiated</td>
<td>From January 2013</td>
<td>Ministry of Health</td>
</tr>
<tr>
<td></td>
<td>- Coordination meetings of the nutrition cluster with the different ministerial departments and the donors that can contribute to addressing the causes of malnutrition are held quarterly to monitor the implementation of the plan.</td>
<td>Quarterly meetings</td>
<td>Ministry of Health and the Cluster lead</td>
</tr>
</tbody>
</table>
### Improve the effectiveness and targeting mechanisms of the Social Welfare Fund.

- The proxy-mean test is applied to all new entry cases

**Immediately**

MoSAL and SWF

### Implement re-construction of affected regions

**Reconstruction**

- A report indicating the magnitude of damage caused by the 2011 crisis to buildings in the 5 most affected governorates (Taiz, Sana’a, Sana’a capital, Sa’ada and Abyan) is produced.
- A common consolidated institutionalized institutional framework for reconstruction is identified.

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</thead>
<tbody>
<tr>
<td>Provide direct budget financing for the Social Welfare Fund.</td>
<td>Donors to provide reporting to MAF Steering Committee</td>
<td>Quarterly</td>
<td>Respective Agency</td>
</tr>
<tr>
<td>Provide financing for re-construction and service rehabilitation.</td>
<td>Donors to provide reporting to MAF Steering Committee</td>
<td>Quarterly</td>
<td>Respective Agency</td>
</tr>
<tr>
<td>Provide technical Assistance and financing in the fields of malnutrition and conditional cash transfers under food for education schemes.</td>
<td>Donors to provide reporting to MAF Steering Committee</td>
<td>Quarterly</td>
<td>Respective Agency</td>
</tr>
<tr>
<td>Assist the government with communication outreach to citizens nationwide</td>
<td>Donors to provide reporting to MAF Steering Committee on initiatives taken</td>
<td>Quarterly</td>
<td>Respective Agency</td>
</tr>
<tr>
<td>Finance to the extent possible the full cost of projects.</td>
<td>Donors’ disclosure reports to MAF Steering Committee on financing parameters</td>
<td>Quarterly</td>
<td>Donors</td>
</tr>
</tbody>
</table>

**Pillar VI. Civil Society Empowerment and Partnership**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Establish a partnership framework with civil society organizations</td>
<td>Conduct a plenary consultation meeting between CSOs and government agencies responsible for planning and implementation of the partnership responsibilities. - Establish a joint task force of government and CSOs to monitor government implementation of projects.</td>
<td>End December 2012</td>
<td>MoPIC/MoSAL</td>
</tr>
<tr>
<td>Expedite the finalization of civil society organization legislation and bylaws</td>
<td>Introduce amendments to the existing laws related to national associations and syndicates to incorporate all CSOs responsibilities and duties. - Submit amendments to Parliament</td>
<td>16 months</td>
<td>MoSAL</td>
</tr>
<tr>
<td>Engage civil society organizations as partners and active players in the transition and the short and medium term development agenda</td>
<td>Allow CSOs to become proactive partners in the transition period - Build capacities of government agencies that work with CSOs - Engage CSOs in short and medium term project implementation</td>
<td>Continuously</td>
<td>MoSAL/SFD/Government respective Ministries</td>
</tr>
</tbody>
</table>
- Collaboration with CSOs in monitoring and planning of foreign-funded project as well as humanitarian ones
- Include CSOs in the implementation and monitoring of programs and projects of the financial resources pledged for Yemen
- Develop a clear mechanism for Government funding of CSOs
- Look into the pressing needs of CSOs

<table>
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</table>
| Provide financial and technical assistance to enhance the capacities and empowerment of civil society organizations to become effective development partners | Provide financial funding for a plenary consultation meeting between CSOs and government agencies  
Provide best-practice models and expertise in drafting a partnership framework between government and CSOs and revision of legislation and CSOs bylaws  
Provide financing for a CSOs assessment  
Support the government in the provision of capacity building of CSOs | Continuously | Donors |