

YEMEN ECONOMIC UPDATE

Yemen Economic Update is a quarterly report that consists of five sections. The first section highlights major economic and policy developments. The second section provides "flash indicators" for key economic variables that are available on a monthly or quarterly basis from the Government of Yemen. The third section uses different data sources to compare one development indicator in Yemen with other countries in the MENA region and countries with similar GDP per capita and population. The fourth section summarizes new legislation, publications, data, conferences, and donor activities. The fifth section provides contact information and recent World Bank operations and activities in Yemen. Occasionally, special topics are featured in the Update.

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Economic Policy and Developments

(i) Economic Policy:

On September 5th, 2002, the World Bank's executive directors endorsed Yemen's **Country Assistance Strategy (CAS)** for the fiscal years 2003-2005. The preparation of the CAS was based on the most recent Yemen's Poverty Reduction Strategy Paper (PRSP). Therefore, the CAS is designed to be the Bank's implementation plan for assisting Yemen to achieve the goals of PRSP in improving economic growth and reducing poverty (see *Special topic for details*).

The specific objectives of the **CAS** are: (i) improving public sector governance; (ii) promoting an attractive investment environment to generate job opportunities; (iii) developing a sound system to build and protect human capital with emphasis on girls' education and health; and (iv) ensuring environmental sustainability, with special focus on water management.

The new CAS envisages **three lending scenarios**. The base case with a total amount of US\$ 410 million to finance 11 projects in water, education, civil service reform and decentralization. This amount will increase to US\$ 520 million in the high case provided the government accelerates its reform effort. The low case, with US\$ 230 million of lending, would apply if the reform effort stalls, and finance only social sector projects.

In addition to lending assistance, the CAS includes a large budget for non-lending activities in terms of **analytical and advisory assistance** that will address Yemen's constraints in accessing knowledge and linking it to decision making. The CAS also includes several potential investments by the International Finance Corporation (IFC) in the fields of privatization of power generation, privately managed industrial free zones and tourism investments.



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Finally, given the nature of CAS objectives in education, health, gender, and environment, it is highly consistent with the Millennium Development Goals (see *Update No. 9 for details*).

The Government of Yemen and its development partners held a **Consultative Group (CG)** meeting on October 16th and 17th in Paris which reviewed: (i) Yemen's development progress; (ii) the challenges that Yemen faces; and (iii) a mechanism which will help all development partners enhance their collaboration to assist Yemen in implementing its Poverty Reduction Strategy. The CG meeting confirmed the interest of the international community to assist Yemen to achieve its development objectives when representative from 35 countries as well as 15 international organizations pledged a total amount of US\$ 2.3 billion in grants and loans that will be committed during the next three years. This indicates a recognition of Yemen's effort on economic reform, promotion of the private sector, improvement of public expenditure and the participatory process of the Poverty Reduction Strategy. The government presentations during the CG meeting were straightforward and frank about the difficulties it faces, and made a good impression. Following the CG meeting on October 18th, a Business Forum was

held in which private sector representatives discussed investment opportunities in Yemen. The business forum generated a significant interest from European firms with about 30 of them in attendance.

Several **public policy actions** dominated the political scene during the last few months, these included: (i) preparations for the 2003 parliamentary elections and registration of voters started in late September; and (ii) postponement of local council elections to 2004, which were supposed to take place simultaneously with Parliamentary elections. This implies extending local council terms from 2 to 3 years.

The implementation of the General Sales Tax (**GST**) Law, which was scheduled for September 2002, has also been postponed until 2004. Finally, the Investment and Water Laws were finally approved by the Parliament in June 2002 and signed into law by the President in July and August, respectively. The **Investment Law** provides more incentives for local and foreign investors. The **Water Law** is the first law ever approved in Yemen to regulate water extraction and use.

Yemen celebrated its **40th anniversary of the 26th September Revolution**. President Saleh delivered a speech in which he highlighted Yemen's principles of foreign policy and its attitude to the recent developments on the international arena and stressed Yemen's support to the fight against terrorism.

The Prime Minister, Mr. Abdul-Qader Ba-Jammal, chaired the Public Policies Committee for Negotiation with the World Trade Organization in which a **Foreign Trade Memorandum** was discussed. The Memorandum discussed foreign trade matters such as customs and tax tariffs, services fees, exports and trade services.

The **Cabinet approved several decisions** during its previous meetings:

- setting up a committee to review the water crisis and to assess the feasibility of forming a new ministry for water.
- the reorganization and reconstruction of the Land Transportation Sector.
- merging eight councils and higher committees in one council called Council for Economic Affairs and Energy.
- approval of the administrative budget for local councils.
- liquidation of General Corporation for Foreign Trade.

(ii) Economic Developments:

The Central Statistical Organization (CSO) released in July a new revised data of Yemen's **national accounts for**

2001, estimating a real **GDP growth** of 3.3% compared with 1.8% estimated in February 2002. The CSO argued that its early estimation of GDP was actually based on estimates of sectoral staff rather than on real data.

Inflation rate declined sharply from 20% in June to 11.7% in August. The seasonal decline in Qat prices during summer (rainfall season) contributes highly to the drop in inflation rates.

The nominal **exchange rate** of Yemen Rial continued to depreciate slowly from US\$/YR 175.59 in June 2002 to US\$/YR 176.5 in August 2002. While interest rates on savings were kept constant since June of 2000, interest on treasury bills slowly declined from 13% in September 2001 to 11% in August 2002 (for more details, see the next section on Flash Indicators).

The Cabinet recently approved the **final accounts for the 2001 budget**. The actual revenue reached YR 562 billion and expenditure YR 522 billion. Therefore, the total surplus was YR 39.7 billion, which is the first surplus that Yemen achieved in 11 years.

While implementation of the 2002 budget seems on track, the Supreme Budget Committee is currently preparing **the 2003 budget**. The 2003 budget is the second budget to be prepared under the Local Authority law. The Ministry of Finance together with the Ministry of Local Administration, governorates and local councils participate in the process of budget preparation. However, while revenues will be collected at the district level, disbursement will be implemented at the governorate level and each governorate will be responsible for disbursement for its districts.

Other Economic Developments:

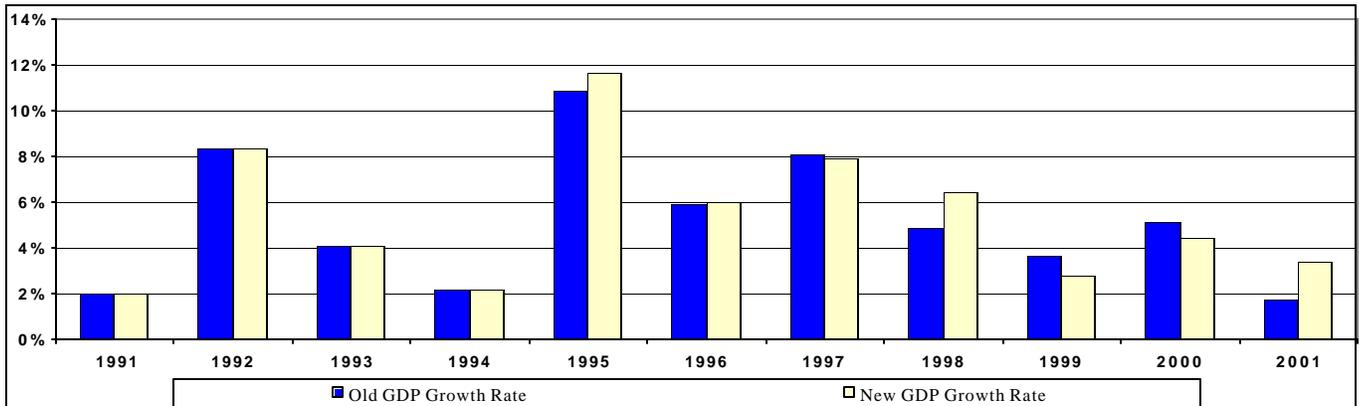
- The Canadian Calvalley Petroleum Inc and TransGlobe Energy Corporation made new oil discoveries in the exploratory blocks No. 9 and 3 in Hadhramout, respectively.
- A proposed railway to link Yemen with the Gulf, Jordan and Syria has been estimated to cost about YR 42 billion.
- Operation of Aden Free Zone will be expanded into a new stretch from Al-Buraiqa to Ras Amran.
- Sana'a International Airport received the second Boeing 737-800 to join the Yemenia fleet.
- An Electronic Rial Services for General Corporation for Post and Savings has started to operate to settle all kinds of bills and money transfers electronically.

Flash Indicators

(i) GDP:

Yemen's Central Statistical Organization (CSO) released a new set of revised national accounts in July 2002. The new revised data show real GDP growth in 2001 to be 3.3% compared with 1.8% estimated in February 2002. The CSO argued that because of delay in receiving sectoral data for calculating GDP, its early estimation of GDP was actually based on estimates of sectoral staff rather than on real data. Real data were received by the end of the first half of 2002, and GDP figures were recalculated accordingly. Furthermore, GDP at market and constant prices has also been updated for the previous five years (1995-2000).

FIGURE 1: YEMEN: GDP GROWTH, 1991-2001



The GDP revisions for the previous years (1995-2000) were mostly driven by new estimates based on surveys conducted in 2000 and 2001 for industrial, services and construction sectors. Given that 1995 was the base year for the medium-term development plan, the CSO re-estimated previous GDP data back to 1995 in the light of the new data obtained to ensure compatibility of the series. Real GDP growth for 2001 was revised upwards and there was a slight upgrade of growth rates in 1995 and 1998 (Figure 1). The estimates of GDP growth in 1997, 1999 and 2000 were revised downwards. The current GDP's estimations are considered as final figures and were already published in the Statistical Year-Book of 2001.

(ii) Government Finance:

Ministry of Finance (MoF) has recently released quarterly data on actual revenues and expenditures for central government and local authorities for the first half of 2002 (Table 1). Actual current revenues fell short of budget projections by 6.8% for the central government and by 46% for local government. Both tax and non-tax revenues for central government increased by 11% and 5%, respectively. In terms of budget execution at the local level, revenue collection fell short dramatically at all levels indicating either unrealistic revenue estimates at local level or lack of necessary capacities to collect revenues. The percentage change of capital expenditure and current expenditure of G&S, and transfers are so high reflecting may be poor reporting of actuals.

TABLE 1: FISCAL DEVELOPMENTS IN THE FIRST HALF OF 2002 (IN BILLION YR)

	Central Budget First Half (2002)			Local Budget First Half (2002)		
	Allocation	Actual	% Change	Allocation	Actual	% Change
Current revenues	221	236	6.8	8	4	-46
Tax Revenues	53	59	11.2	4	3	-16
Zakat		0		2	2	0
Non-Tax Revenues	168	177	5.4	4	1	-71
Current Expenditures	194	49	-74.7	142	40	-72
Salaries & wages	47	42	-12.2	46	33	-28
Goods & services (G&S)	27	1	-94.5	26	1	-95
Transfers & subsidies	92	5	-94.2	43	5	-89
Capital Expenditures	25	8	-70.0	38	1	-98

Source: Ministry of Finance, Government Finance Statistics -issue No. 7, 2002.

(iii) External Sector

The Central Bank of Yemen (CBY) has recently released the most updated BOP for 2001. According to the new data, the current account in 2001 achieved a surplus of US\$ 646 million compared with a record surplus in 2000 in the order of US\$ 1.3 billion (51% decline from last year's surplus).

TABLE 2: YEMEN'S BOP, 2000-2001 (% OF GDP)

	2000	Q1 (2001)	Q2 (2001)	Q3 (2001)	Q4 (2001)	2001
Current Account	14.6	2.1	2.5	2.0	0.4	7.0
Trade balance	14.3	2.1	3.2	2.1	0.3	7.7
Services balance	-6.5	-1.7	-1.8	-1.7	-1.8	-7.0
Income balance	-8.5	-1.7	-2.1	-1.9	-1.6	-7.4
Net Current transfers	15.3	3.4	3.2	3.5	3.6	13.7
Capital & Financial account	-0.5	-0.9	-0.2	0.1	0.7	1.2
Direct investment	0.1	-0.4	0.3	0.6	1.2	1.7
Portfolio investment	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5
Errors and Omissions	3.3	0.5	-0.3	-0.1	-0.9	-0.8
Overall balance	15.3	1.6	2.1	2.5	1.0	7.2

Source: Central Bank of Yemen (CBY).

The current account surplus accrued due to the surplus achieved in the trade and unrequited transfers accounts. The decline in the surplus of the trade account is mainly attributed to the 12.6% decline in oil export proceeds. Workers' remittances also declined in 2001 by about 7% (due to uncertainties after the September events). Oil exports, nonetheless, still account for 87.6% of total merchandise exports. The services and income balances remained negative, as was the case in the previous years. Yet, while the deficit in the service balance increased by 8.6% over 2000, the deficit of the income balance declined by 11% in 2001 (mainly because of high income proceeds from rising net foreign reserves). Import levels increased by 5% over 2000.

The capital account surplus is mainly attributed to Yemen debt rescheduling concluded in June 2001 with Paris Club under Naples Terms. Despite the deficit of portfolio and other investments accounts, the financial account achieved a surplus in 2001 mainly due to major surplus realized in direct investment in terms of capital inflow by oil companies. The overall balance narrowed considerably from 15% of GDP in 2000 to 7.2% in 2001 yet it was still positive and high.

(iv) Foreign Reserves and Domestic Credit:

Yemen's foreign reserves continued to build up in 2002. They increased from US\$ 3.7 billion in March 2002 to US\$ 4 billion in August 2002, covering more than 14.7 months of imports. Similarly, domestic credit increased from YR 561 billion in March 2002 to YR 606 billion in August 2002. Yet, while its growth rate in the first quarter of 2002 was -0.3%, it was 4% during the second quarter of 2002.

TABLE 3: FOREIGN RESERVES AND DOMESTIC CREDIT

	2001	Q1 (2002)	Q2 (2002)	August 2002
Foreign Reserves (US\$ Billion)	3.7	3.7	3.9	4.0
Foreign Reserves (Growth %)	5.0	-0.1	6.0	
Domestic Credit (YR Billion)	563	561	584	606
Domestic Credit (Growth %)	11.9	-0.3	4.1	

Source: CBY.

(v) Monetary Aggregates:

Broad money grew by 22.7% over the last twelve months (August 2001-August 2002). After witnessing notable declines during the second half of 2001 (from 21% in June 2001 to 16% in November 2001), it increased to 19% in December 2001 and then declined to 17% in March 2002 and then increased again to 19% in June 2002 before it increased to 22.7% in August 2002. The CBY has been slightly tightening monetary aggregates (e.g., growth in narrow money) to control inflationary pressures. Money growth continued to fluctuate during the first half of 2002 depending on the level of government expenditure and revenue and sales of certificate deposits and Treasury bills. Table 4 shows that the sales of certificate deposits during the first half of 2002 declined by 28% compared with -13.8% decline in the first quarter of 2002. However, it increased by 20% between second quarter and August.

Table 4: Certificates of Deposits (CDs)

	2001	Q1 (2001)	Q2 (2001)	August 2002
Certificates of Deposits (YR billion)	40.1	34.6	24.8	32.2
Growth (%)	18.7	-13.8	-28.4	29.9

Source: CBY

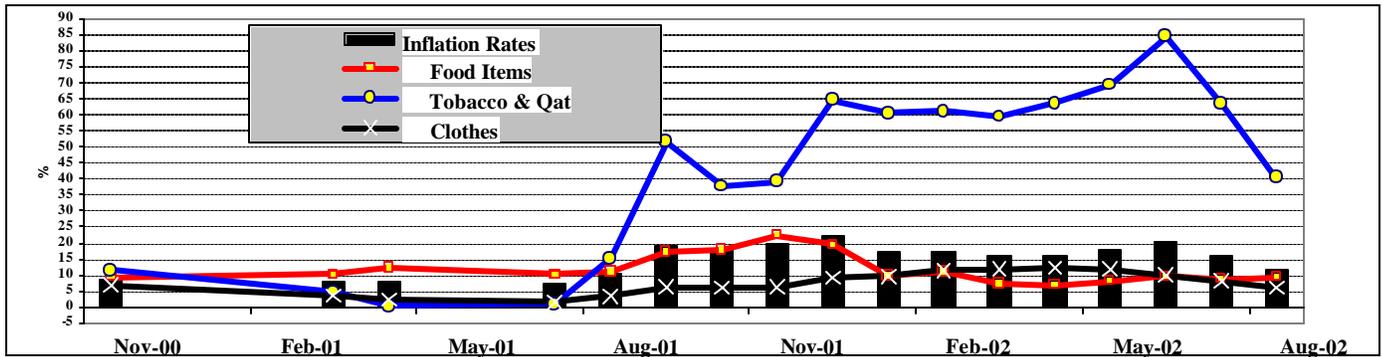
The composition of money supply changed during the period August 2001- August 2002. In August 2001, narrow money constituted 46.9% and quasi money constituted 53% of the broad money supply (and foreign currency deposits 35% of the total). By end of

August 2002, these ratios changed to 44%, 56%, and 35.6%, respectively, reflecting some shift in holdings of currency outside the banking system in 2001 to quasi deposits in 2002.

(vi) Inflation:

The general monthly inflation rate (year-to-year) declined dramatically from 20% in June 2002 to 11.7% in August 2002 (Figure and table 5 below). The reasons of these recent declines include declines in prices of Qat and other non-food commodities. The weight of Qat expenditure represents 15% of total value of Yemen CPI and due to good rainfall during July and August 2002, prices declined markedly. Further, the shopping for non-food commodities, including clothes, is historically halted during non-holiday seasons such as Ramadhan and Hajj.

MONTHLY INFLATION RATES



Source: CSO.

TABLE 5: PERCENTAGE CHANGE BETWEEN JUNE AND AUGUST CPI

	Total	Food	Qat	Clothing	Housing	Furniture	Health
June CPI	135	127	202	117	121	110	122
August CPI	130	128	163	116	121	109	122
Percentage Change	-4.0%	0.9%	-19.3%	-0.2%	-0.1%	-0.7%	-0.5%

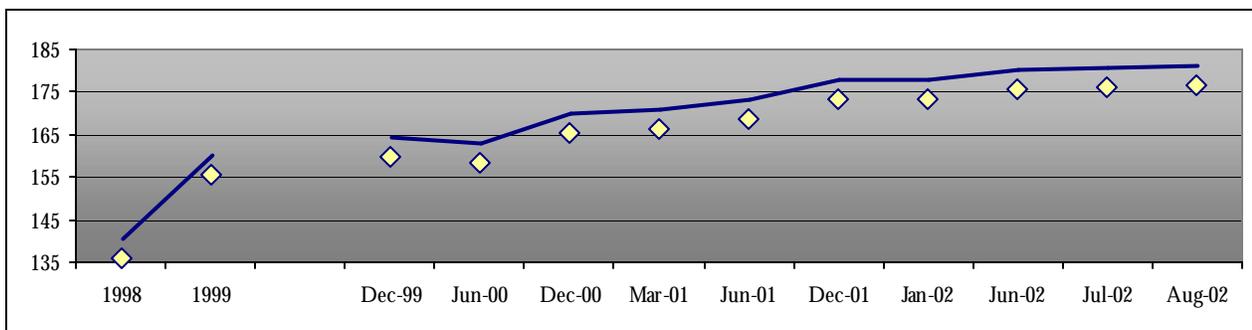
Source: CSO.

(vii) Interest Rates:

Interest rates on saving deposits have remained fixed at 13% since July 2000. The gap between high and low interest rates on commercial loans remains 5 percentage points since October 2000. The yield on three-month T-bills declined from 12.56% in February 2002 to 11% in August 2002. The rediscount rate was decreased from 15.1% in January 2002 to 13.9% in June 2002 before it increased to 15% in August 2002. The CBY is likely to maintain interest rates at current level to curb inflationary pressures.

(viii) Exchange Rate:

The nominal exchange rate depreciated from US\$/YR 173.3 in January 2002 to US\$/YR 176.5 in August 2002. The average depreciation rate of the exchange rate is 1.34% during the first half of 2001. While it is true that exchange rate is determined by the market, the CBY from time to time injects foreign currencies in the market because all of the oil revenues comes to the CBY.



Source: CBY.

AN OVERVIEW OF YEMEN'S POVERTY REDUCTION STRATEGY

1. INTRODUCTION

The Executive Boards of the International Monetary Fund (IMF) and the World Bank discussed Yemen's Poverty Reduction Strategy Paper (PRSP) in July and August 2002, respectively. The PRSP provides a comprehensive strategy for poverty reduction, which will be pursued in Yemen during 2003-2005. The main goal of the PRSP is to reduce poverty by at least 13% over the next three years by raising rates of economic growth, enhancing the social safety net and increasing access to infrastructure and basic social services. The PRSP was built on the interim PRSP (I-PRSP) prepared in 2001 and the country's Second Five-Year Plan (SFYP). It is country-driven and has been developed in consultation with all segments of the society and external donors. It reflects the Government of Yemen (GoY) commitment to fight poverty, and its goals and objectives are consistent with the objectives and policies set in the Yemen's Strategy Vision of 2025, the SFYP and the Millennium Development Goals (MDGs). The purpose of this note is to provide an overview of (i) who are the poor in Yemen; (ii) the main causes and attributes of poverty; and (iii) the objectives of the Yemen PRSP and required policies, projects and costs for implementing it.

2. WHO ARE THE POOR IN YEMEN? AND WHAT ARE THEIR CHARACTERISTICS?

Based on the 1998 Household Budget Survey (HBS), the percentage of Yemeni population living under the food poverty line is estimated to be 17.6%, and under the general poverty line (food and non-food) is estimated to be 41.8% (6.9 millions). As shown in Table 1, the food poverty line for Yemen was YR 2,101 per person per month for purchase of food items that give 2,200 calories per day. Adding to that non-food basic consumption, the general poverty line for Yemen was YR 3,210 per month. The poverty gap - the amount of money needed to eradicate poverty - was 13% of the poverty line in 1998.

	Food			Total		
	Yemen	Rural	Urban	Yemen	Rural	Urban
(YR/capita/month)	2,101	2,103	2,093	3,210	3,215	3,195
% of the Poor	17.6	19.9	10	41.8	45	30.8
Poor People (mn)	2.9	2.5	0.4	6.9	5.8	1.2
Poverty Gap	4.5	5.2	2.1	13.2	14.7	8.2
Severity of Poverty	1.7	2	0.7	5.8	6.7	3.2

Source: World Bank (2002 b)

Poverty in Yemen is a rural phenomenon since 83% of poor people reside in rural areas. However, its distribution varies from one governorate to another depending on population size, economic activity and accessibility and availability of natural resources (Table 2). Higher poverty incidence was evident in the densely populated regions (such as Taiz and Ibb) in comparison with less populated governorates (Al-Baidah, Marib, and Mahweet). The two major urban centers, Sana'a city (23%) and Aden (30%) have lower poverty rates compared with rural areas.

	Abyan	Aden	Baidah	Hodeidah	J-Marib	Mahweet	Dhamar	Hadhr	Hajjah	Ibb	Lahj	Sadda	Sana'a	Capital	Taiz
Population	3	3	3	11	3	2	7	8	9	12	4	3	12	6	14
Incidence	53	30	15	40	26	29	49	43	30	56	52	27	41	23	56
# Of Poor	4	2	1	10	2	2	8	8	6	16	5	2	12	4	19

Source: World Bank (2002 b).

The demographic features including household size, dependency ratio, and number of children, are high among the poor families in Yemen. While the average family size for the total population was 7.1 persons, it was 8.2 persons for poor families (9.2 persons in urban areas and 8.0 in the rural areas). The dependency ratio was 158 for poor families compared to 111 for better-off families. The incidence of poverty was also higher in families with a higher ratio of children to adults. When the number of adults was greater than the number of children, only 35% of the population was poor. However, when the same ratio equaled 3:2, the poverty increased to 50% and increased further to 66% when the ratio increased to 4:2.

The level of poverty in Yemen has very strong links with socioeconomic factors such as educational and employment status of the head of the household (HH). Education has a strong correlation with poverty incidence: the higher the educational attainment of HH, the lower is the household's risk to be poor. At the national level, households headed by top-educated breadwinners account for 1.2% of the observed incidence of poverty as compared to 59% for households headed by illiterate persons. This pattern does not change significantly for rural population. For urban households headed by top-educated breadwinners account for 2.9% of the observed incidence of poverty as compared to 47% for households headed by illiterate persons. At the national level, 84% of the poor reside in households headed by employed persons, 2.5% by unemployed, and 13.5% by inactive breadwinners. This pattern does not vary significantly in urban and rural areas (Table 3). Moreover, the number of income earners per household is low in Yemen: in the average household of 7.09 persons, only 1.84 were employed. Reliance on a sole earner for each household means high exposure to the risks of illness or loss of employment. The majority of the poor were working in the agricultural sector (47.3%) followed by services (35.9%) and industry (16.8%) (Table 4). When compared to the overall distribution of the population, the poor were over-represented in industry and agriculture and under-represented in the

	Urban	Rural	Yemen
Wage earner	50.9	34.5	37.3
Self employed	24.6	48.3	44.3
Employer	2.0	1.6	1.7
Other	0.1	0.9	0.7
Total employed	77.6	85.3	84
Unemployed	3.5	2.3	2.5
Inactive	18.9	12.5	13.5

Source: World Bank (2002 b).

Employment sector	Population	Poor
Agriculture/Forestry/Fishery	45.3	47.3
Industry, manufacturing	5.3	5.7
Industry, construction	7.2	9.4
Services, merchandise	23.1	19.9
Services, public administration	12.4	11.1
Other	6.8	6.5

Source: World Bank (2002 b)

service sector. Specifically, 19.9% of the poor had their breadwinners working in the merchandise followed by 11.1% in public administration, 9.4% in construction, and 5.7% in manufacturing. Furthermore, 84% of the breadwinners were working in the private sector, and 15% in the public sector.

The main sources of income in Yemen are: (i) employment, (ii) self-employment, (iii) capital rents, (iv) transfers, such as remittances; and (v) others, such as inheritance. Self-employment accounts for 39.1% of total income, followed by 28.2% from employment, 19% from others and 8.3% from transfers. With slight differences, the pattern of sources of income in rural areas follows the national pattern. However, its pattern in urban areas is quite different and much more income is generated by employment and capital assets. Since self-employment in rural areas takes place in agriculture, the oscillation of rainfall subjects the majority of the rural self-employed to high risk of losing income. Yet, rural households usually try to diversify their sources of income from agriculture by selling labor in rural markets, leasing productive assets such as land, selling crafts and other small-scale manufactures, and working in the urban sector. Furthermore, other than renting agricultural lands in rural areas, capital income accounts only for 3% compared with 15% in urban areas. In terms of transfer, with no significant differences between urban and rural areas, it occupies 8% of total expenditures for the average Yemeni household.

The lack of education is one of the main factors that increases the risk of being poor. Education enrolment in Yemen is low for both sexes but it is worse for girls in rural areas. Population dispersion, insufficient public funding, lack of the institutional capacity necessary to efficiently deliver basic education services, and the need of children to work to support their families are the main factors that deter children from attending schools. There are also social factors contributing to deterring children, and girls in particular from attending school, such as long distance from the school, lack of transportation, and single-sex schools in rural areas. Lack of educational services in rural areas is the main reason that deters children from attending schools for both age groups. The families' economic conditions often deter children from attending schools either in rural or urban areas. On the other hand, only rural girls are impacted by community (or family) attitude.

3. Causes of Poverty

Yemen experienced two distinctive periods of differing political and macroeconomic conditions during 1990s. During the first half of 1990s, Yemen went through harsh macroeconomic instability that affected the living standards of people. That period was flagged with fiscal and BOP deficits, surge in inflation, and deterioration of the foreign currency reserves and the exchange rate, and deterioration in the quality of public services. During the second half of 1990s, the position of those indicators was overturned as a result of many factors including political stability and adoption of the economic reform program in early 1995. However, despite economic stability and growth during the second half of the 1990s, the deterioration of living standards continued as the result of a set of natural and human factors that came together to create an environment conducive to the occurrence and spread of poverty.

The PRSP indicates that while Yemen experienced an average growth of 5.1% during the late 1990, the living standards deteriorated during the same period. The reason is that the growth was mostly generated in the sectors that used less labor and high capital, especially the oil industry. The sectors that employed most of the poor – the agricultural and service sectors - experienced modest growth most likely not sufficient to improve living standards of the poor people. This resulted from low monthly wages received by agricultural laborers, which were less than manufacturing sector wages by 41%, construction by 58%, and restaurants by 67%. Second, growth of the labor force was one of the highest in the world (4.4% p.a. during 1994-99), pushing up the rate of unemployment or underemployment. Third, while public and private transfers constitute an important source of income for many households, the elimination of many subsidies programs as part of economic reform program launched in 1995, and the large drop of remittances in early the 1990s because of the massive repatriation of Yemeni workers from the Gulf, may have led many households to fall into poverty.

While the above gives information on who the poor are, it does not assess the impact of a specific characteristic on the risk of being poor. Therefore, the World Bank staff (2002 b) carried out a linear regression analysis to quantify the correlation of various household characteristics with the likelihood of being poor. The dependent variable was the per capita expenditure divided by the poverty line and the independent variables were the characteristics of a Yemeni household including geographic location, demographic variables (e.g., household size and number of children), socio-economic variables (e.g., educational and employment status of the HH). The results show that (i) larger households tend to have a lower level of per capita expenditure and thereby a higher tendency to fall into poverty; (ii) households with a larger number of infants and children have a higher probability of being poor (although, urban households seem to manage better than urban households with additional infants); (iii) the poverty status is not affected by the gender of the breadwinner; (iv) returns from education are substantial; (v) the employment status of the HH has a large impact on poverty risk; (vi) in urban areas there is no systematic gain from being employed in the private sector, but rural population working in the private sector has a higher likelihood of being poor compared to those employed in the public sector; (vii) remittances help escape poverty; (viii) geographic location significantly affects the risk of being poor.

4 The Poverty Reduction Strategy Paper (PRSP)

The key principles of PRSP preparation stipulate that it should be (i) country-driven; (ii) having realistic objectives which produce results on the ground; and (iii) comprehensive in looking at cross-sectoral determinants of poverty outcomes with action plans for implementing it. The GoY prepared the PRSP with technical support provided by the World Bank, the IMF and other donors. Participation of civil society and private sector was ensured by workshops in which early drafts of PRSP were presented for discussion. Consultation meetings with donors were also held during the process of preparation.

The Yemen's PRSP is based on three overall basic goals: (i) achievement of economic growth, creation of job opportunities and expansion of the economic opportunities for the poor; (ii) enhancement of the capacities of the poor, increasing their assets and the returns derived from such assets, towards more equity by improving the social, productive and economic conditions of the poor; and (iii) reduction of the suffering and vulnerability of the poor by supporting the social safety net. It has both broad and specific objectives. The broad objective is to reduce rate of poverty by 13.1% (from 41% in 2003 to 35.9% in 2005) by attaining 4.7% of real GDP growth and 6.3% of non-oil GDP. The specific objectives of the PRSP are to (i) improve the coverage rate of social services such as raising health coverage and basic education enrollment; (ii) expand and develop basic infrastructure of water, electricity and roads; and (iii) guarantee social protection by enhancing social welfare performance. The goals and objectives of the PRSP were set in the line with the MDGs.

4.1 The axes of the PRS

The PRSP sets four main axes for its intervention for achieving PRS goals. These axes are (i) achieving economic growth; (ii) developing human resources; (iii) improving basic infrastructure; and (iv) social safety net programs. Stabilizing macroeconomic balances is a necessary prerequisite for achieving sustainable economic growth. The control of inflation is one of the top priorities of GoY's macroeconomic measures due to its role in stabilizing the economy and encouraging investment as well as preserving the level of real per capita income of poor people. The PRSP sets out also fiscal and monetary measures that will be undertaken during the implementation of the PRSP. With the projected decline in oil revenues, the fiscal policy is based on a medium-term expenditure framework which sets the budget deficit at 4% of GDP and focuses on increasing and spending efficiently the budget allocations for social services, infrastructure and safety nets, curtailing current expenditures under civil service reform, improving expenditure efficiency and revenue collections, and considering progressive tariffs for public services and the tax system.

The PRSP also envisages the implementation of the following monetary policies: (i) continue the floating exchange rate; (ii) liberalize interest rates to enhance savings and foreign capital inflows; (iii) manage monetary supply growth; (iv) finance the budget deficit with real sources; (v) accelerate reform of the banking system; (vi) create a capital market for mobilizing domestic and foreign savings; (vii) restructure specialized banks such as the Housing Credit Bank; and (viii) set up a bank that grants micro credit for poor people. The PRSP also stipulates the continuation of reform in the external sector by liberalizing trade policies, joining regional trade areas and joining the World Trade Organization (WTO), and improving debt and reserve management. Some of the priority programs and projects to facilitate achieving macroeconomic stability are: (i) financial system reform; (ii) supporting Yemen's accession to the WTO; and (iii) establishing a capital market.

During the next three years, the strategy would remove constraints that curtail private sector participation, revise laws and procedures that regulate economic activities, and privatize public enterprises that will reduce annual budget transfers. Table 5 indicates the envisaged structural changes in the economy under the PRSP, which include an increase in the share of total investments, rise in total final consumption, and a decline in export proceeds as a result of decline in oil production and oil prices.

4.1.1. Sources of Growth and Potential Sectors

Yemen possesses unique economic resources including the strategic geographical location, oil and gas resources, human capital talents with trade skills, and rich cultural heritage. In addition, the PRSP says that Yemen possesses rich natural resources including a long coast. Therefore, agriculture, fisheries, manufacturing, and tourism represent the most potential sectors for future sources of growth. However, prior to achieving growth in those sectors, a number of reforms are needed to tap these potentials, including the creation of a conducive environment for private sector investment, improving basic infrastructures and enhancing public sector management and

Table 5: The Overall Macroeconomic Framework

	Estimate	Projections			
	2001	2002	2003	2004	2005
Growth Rates (%)					
GDP (Market Prices)	3.3	4.1	3.7	5.3	5.5
Real Non-oil GDP	4.0	5.0	5.7	6.5	7.0
Inflation (Consumer Price Index)	11.9	15.8	9.0	5.0	5.0
Real Per Capita GDP	-0.1	0.7	0.5	2.1	2.5
Crude Oil Production (000 Barrels/Day)	434	433	401	390	370
Price of Yemeni Oil (US\$ Per Barrel)	23.0	21.8	20.9	19.9	19.9
Percentage of GDP					
National Consumption	78.8	81.4	84.9	86.3	86.9
GoY Consumption	17.1	17.2	17.7	17.7	17.9
Non-govt. consumption including PEs	61.7	64.3	67.2	68.6	68.9
Total Investment	22.7	23.6	24.6	25.8	26.0
Domestic Absorption	101.5	105.0	109.5	112.1	112.9
Net Exports of Goods and NF services	-1.5	-5.0	-9.5	-12.1	-12.9
Trade Balance	5.9	1.5	-3.6	-6.7	-8.1
Current Account (Including grants)	6.8	2.7	-0.3	-1.7	-2.7

Source: Yemen PRSP (2002)

governance structures. The PRSP lays out priority projects that will facilitate those developments including programs for privatization, the free zones, port cities development, enhancement of the investment climate, and projects for gas pipelines and power generation.

Despite the limited irrigated agricultural lands and water resources, agriculture and agricultural industry have a great potential to grow by 5.4%; mainly through raising irrigation efficiency, improving rainwater harvesting, supporting less water-intensive crops and improving rain fed crops, promoting bio-protection and resistance to plant diseases, improving livestock grazing and the capacities for honey production, and giving incentives to the private sector to invest in agriculture production and marketing. Fisheries sector has the potentiality to grow by 7.8% during PRSP particularly by regulating fishing activities, providing micro-credit for small-scale fishermen, increasing incentives for attracting local and foreign investments, and regulating fish marketing and exporting. The priority projects to be implemented during the strategy period include supporting research activities, assessing fish stocks, creating an integrated marine, quality control and inspection system, improving traditional fishing in the Red Sea, and utilizing the financial resources of Agricultural and Fisheries Production Promotion Fund (AFPPF).

The industrial sector is deemed to be a major source of economic growth during strategy period, manufacturing and construction are expected to grow by 6.2% and 5.7% p.a., respectively. This growth will result from the utilization of low-cost excess labor that could be used in manufacturing activities such as textiles, clothing, handicrafts and other medium and small industries, the huge reserves of natural gas that could be used locally to produce energy, and the mineral resources such as gold, platinum, titanium, gypsum, marble and granite. However, the current constraints preventing the private sector from investment in the industrial sector need to be removed, including improvements in trade regulation, basic infrastructure, banking and the judicial systems.

The share of service sector in total GDP was 47.3% in 2000 of which government services account for 13%. Given Yemen's topographical and climatic diversity and cultural and historic heritage, tourism constitutes an potential important source of growth. While its recent contribution to GDP was less than 2%, it has great opportunity to grow because of the expected increase in domestic and business tourism and improvement in the security situation. The transportation and communications sectors possess broad capacities for growth, with their improvement considered an essential requirement for overcoming a major part of the constraints facing the national economy.

Achieving sustainable economic growth requires better management of natural resources. Better management can be achieved by integrating the aims of economic growth, poverty reduction and protection and reinforcement of the environmental and water policies. The PRSP sets out programs and projects leading to the improvement of environmental management including setting up environmental monitoring system and comprehensive plan for the development of the Socotra Archipelago. For water management, integrated management of water resources will be one of the priorities of the PRSP program.

4.1.2. Development of Human Resources

The development of human capital is the backbone of any economic development. The strategy aims to achieve maximum benefits from its investment in human capital. It sets out programs and projects that will give Yemenis an opportunity to develop themselves and to participate in economic development. Three human development sectors will receive great attention, including population policies, education and health services.

Yemen experienced high population growth over the last three decades. This creates problems of imbalance between population and natural resources, difficulty of absorbing the growing labor force and providing educational and health services, and increasing internal migration to urban areas which increases pressure on public services. The strategy aims to control population growth by cutting the birth rate faster than the mortality. This can be achieved by raising awareness about population problems through involving civil society and public media, and expanding reproductive health and family planning services. It also aims to promote investment in both crop and livestock agriculture and in fisheries, so as to ensure the provision of job opportunities in rural areas leading to the reduction of migration to urban areas.

The GoY realizes the need to reorganize the health sector to improve its ability to set priorities and meet the health needs of the people. Therefore, the strategy focuses on provision of basic health services to the poor based on cost-sharing, basic preventive health services such as immunizations, and combating endemic diseases.

Education and training play a great role in the development process since they are linked to all economic sectors and the living conditions of the population. Therefore, Yemen's educational strategy focuses on improvement of the educational environment, management and decentralization of the education sector, expansion of basic education, and girls' enrollment. For higher education, the goal is to develop university education to keep pace with the advances in science and technology. The policies for basic education are to expand educational services and increase the enrollment for both genders and provide incentives for attending schools such as reducing school fees. For vocational training, the strategy calls for the expansion in the number of vocational and technical institutes and centers and for setting up incentives to motivate male and female students to enroll in vocational and technical fields. Priority

projects and programs for vocational training include completion of the vocational training project, setting up vocational and technical training centers and institutes, and higher polytechnic institutes, improving vocational and technical training institutes and centers, establishing handicraft institutes and centers, and opening training institutes and centers for girls. For higher education, the policies include achieving balance between the different specialized fields that meet the needs of development and the labor market.

4.1.3. Improving Infrastructure

Basic infrastructure is still below the desired standard and is characterized by geographical variances and bias towards the urban areas. Internal migration to urban areas increases pressures on the existing infrastructure such as electricity, water, sanitation, roads, schools and health centers. With continuous increase of population in the Highlands, developing coastal areas with basic infrastructures would ease such pressures and provide better opportunities for economic growth. In addition, the GoY also accords a higher priority for improving infrastructure in remote governorates such as Marib, Shabwah, Al-Jouf, Amran, Al-Dhala and east of Sana'a Governorate.

Access to safe drinking water and to sanitation services is low and the services are concentrated in major urban centers. The strategy aims to raise coverage of the water and wastewater public networks to 69% and 44% in urban areas, respectively. In the rural areas, the target is to increase coverage to about 65% of the rural population. Similarly, electric power supply capacity is not keeping pace with demand. The shortfall is due to the aging of power stations, poor management of distribution system and high energy losses (38%). The goal is to increase the installed capacity to 1,266 MW to cover 40.3 % of the total population by 2005, to reduce losses to 25%, and to increase rural coverage to 22.2%. This will be achieved by rehabilitating existing power stations, attracting private sector to invest in new facilities, supporting decentralized delivery of power services, setting the tariff structures on a commercial basis, improving collection system and choosing the most suitable energy source alternatives including new and renewable energy sources.

The existing overland transport network is inadequate to meet current and future development needs since paved roads do not exceed 9% of the total road network. Also, it suffers from great obstacles including institutional and regulatory weakness of the sector, differences in technical and engineering specifications, non-compliance with load limits, and deterioration of large sections of the network due to the absence of regular maintenance. The strategy plans to complete overland connections to the coastal strip, construct roads to link industrial and agricultural production centers with domestic markets and export outlets, complete domestic and international road networks, give priority to the roads that link population centers with the primary highways, and involve local communities in the construction and maintenance of feeder and dirt roads.

4.1.4. Ensuring Social Protection

The Social Safety Net, which includes social insurance programs, plays an important role in social protection. Social insurance is a compulsory system for public and private sector employees to protect them during disability and old age. The social safety net needs to expand benefits not only to cover the poorest segments but also to protect the most vulnerable people from sliding below the poverty line, to direct investment projects to the poorest regions for creating jobs and generating incomes, to utilize Zakat (alms) transfer efficiently, and to improve capacities for delivering services efficiently. In the area of social security, the current system needs to ensure that retirement pensions correlate with living expenses, to expand coverage to include health insurance and to cover a larger percentage of public and private employees, and to implement a new strategy on the investment of social insurance funds based on the diversification of the investment portfolio.

4.1.5. Administration and Good Governance

Good governance and administration play an important role in every aspect of development and poverty reduction. They are vital in human resources development and the expansion of social protection, in optimal use of natural resources and participation by the poor in local decision-making processes. Currently, there are several programs for improving public administration and governance: (i) the civil service modernization project; (ii) the program for enhancing and strengthening process of democracy; (iii) programs for law enforcement and legal and judicial reforms; (iv) the strengthening of local authorities; and (v) support for pro-poor national institutions. During the strategy period, more programs and projects will be implemented including a local communities development program, self-help development in rural areas, and a disaster mitigation project.

In order for development projects to be sustainable, it is very important to let local communities participate in identifying their projects' needs and implementing them. The decentralization process in Yemen could be used as a tool to involve local communities in working with GoY agencies. It could engage local families and the poor in different activities like involvement of parents in education affairs and involvement of all beneficiaries in water supply, irrigation and healthcare activities. Furthermore, civil society and the private sector could work together to create a proper environment for more active partnership. Civil society organizations should also have the opportunity to communicate with the state and have access to various resources to enable these organizations to contribute to poverty alleviation.

. Implementation of the Strategy

The strategy will be implemented during 2003-2005. The PRSP lays out the macroeconomic framework during this period with a medium-term expenditures framework, and a list of programs and projects as well as their total cost. Its total cost is projected under the scenario of the decline in oil revenues, increase of non-oil revenues, and rationalization of public expenditures. Total current revenues are expected to decline to 29.5% of GDP by 2005 as a result of expected decline in oil and gas revenues and slight increase in non-oil revenues. The increase of non-oil revenues is based on adjusting public service tariffs and improving the tax collection system through reforming tax laws and administration. Public expenditure is also expected to decline to reflect the decline of current spending (e.g., transfers and subsidies). Development expenditure will increase to 7.8% of GDP in 2005. It will target sectors relevant to poverty reduction by improving basic social services for the poor such as primary healthcare, basic education, and the social welfare fund. The budget deficit will average 4% during the period and will be financed from real sources to avoid any inflationary pressures. Social expenditure would increase by 1 percentage point of GDP reflecting an increase in education and health spending. Given investment needs to realize the objectives of the strategy, total investment is expected to increase to 26% of GDP by 2005. The major increase is expected to come from the private sector. The contribution of GoY resources in financing investment is expected to decline compared to a slight and fluctuating increase in financing from the non-governmental sources.

The PRSP lays out investment programs and projects that are necessary to realize strategy objectives. They have been identified at the sectoral level as either ongoing or new projects. The total cost of projects amounts to YR 413.4 billion of which YR 18.9 billion will cover the cost of new projects representing 4.6% compared to YR 394.7 billion for ongoing programs and projects. Local financing is estimated at 73% of the total. The remaining cost will be covered from foreign financing sources. The strategy anticipates that development assistance will continue to focus on education, health, water, and agriculture.

The economic reform program adopted by Yemen in 1995 has stabilized the economy, as reflected in major improvements in macroeconomic indicators. However, these macroeconomic indicators are highly subject to risk that would destabilize them including drought and flooding, fluctuation in oil prices and the instability of international assistance. Therefore, implementation of programs will very much depend on future circumstances.

There are two existing programs that will be utilized to monitor and evaluate the strategy. The first is the Poverty Information and Monitoring System (PIMS). GoY established PIMS in 1998 in collaboration with UNDP to collect and analyze poverty data. One of its achievements is the Poverty Survey conducted in 1999. The second is reallocation of some of the tasks of the National Committee of the SSN to a new Committee related to data collection and analysis.

. ISSUES FOR THE STRATEGY IMPLEMENTATION

The PRSP was welcomed by the Boards of both the World Bank and the IMF as well as by major bilateral donors. The Joint Staff Assessment of the PRSP praised the efforts of the GoY in preparing the RPS and the extensive consultations and participation of all stakeholders in its preparation. The main strengths of PRSP are (i) an active participatory and consultative process; (ii) a macroeconomic framework geared towards maintaining stability as a condition to economic growth and poverty reduction; (iii) a thorough diagnosis of poverty and its multi-dimensional nature; (iv) recognition of a wide gender gap, weak governance structures, lack of security and poor delivery of public services and their impact on poverty; and (v) the identification of challenges and program areas critical for poverty reduction.

However, while the PRSP presents a comprehensive and coherent strategy for poverty reduction in Yemen, additional work is needed in several key areas, notably to: (i) strengthen identification, costing and monitoring of programs for poverty reduction; (ii) improve prioritization of government actions and budgetary allocations; (iii) improve transparency and build a capable and accountable public

Table 6: Medium Expenditure Framework (% of GDP)

	2003	2004	2005
Total current revenues & grants	32.2	30.5	29.5
Total Revenues	31.4	29.7	28.7
Oil and Gas	20.3	17.9	16.2
Oil Exports	11.3	9.2	7.3
Domestic Oil and Gas	9.0	8.8	8.9
Non-Oil Revenues	11.1	11.8	12.5
Direct Taxes	3.6	3.8	3.9
Indirect Taxes	5.2	5.8	6.4
Non-tax Revenues	2.3	2.3	2.3
Grants (cash)	0.8	0.8	0.8
Total Expenditure	35.2	34.5	33.2
Current Expenditure	28.2	27.1	25.4
Transfers and Subsidies	6.0	4.9	3.6
Development Expenditures	7.0	7.4	7.8
Fiscal Balance (including grants)	-3.0	-4.0	-3.7
Net Domestic Financing	1.7	2.7	2.6

Table 7: Priority Spending in the General Budget

Item	2003	2004	2005
Total Public Expenditures (YR billion)	600	637.2	669.6
Social Expenditures * (% of GDP)	12.1	12.8	13.2
Health (% of GDP)	1.9	2.1	2.2
Primary Healthcare (as % of health)	54	68	54
Education (% of GDP)	9.1	9.4	9.6
Basic education (as % of health)	64	65	69
SWF (% of GDP)	1.1	1.3	1.4

Source: Yemen RPSP

Table 8: PRSP Programs & Projects (YR Billions)

Strategy	Total Cost	Cost by year					Post 2005
		2002	2003	2004	2005	Total	
Economic growth	119	27	18	22	18	57	35
Human Resources	211	36	35	36	44	114	61
Infrastructure	350	93	43	48	42	132	125
Social Protection	199	41	39	45	51	135	23
Governance,	15	3	3	3	1	7	5
Others			14	21	45	80	
Grand total			120	137	157	413	

Source: Yemen PRSP

administration that efficiently delivers public services, and deals with business environment and security issues which are crucial to higher and sustained GDP growth and effective poverty reduction; (iv) build the institutional capacity to implement, monitor and evaluate the strategy and strengthen coordination among the various agencies involved in the social safety net;(v) better address environmental sustainability issues, especially water; (vi) develop better information on population dynamics and subsequently a multi-pronged population management program; and (vii) integrate more effectively gender issues in the implementation of the strategy.

The implementation of the strategy is also subject to a number of risks, related to possible external shocks as well as weaknesses in capacity and commitment. The economy will remain vulnerable to oil price volatility and to droughts. In order to protect the poverty reduction objectives from the fiscal implications of such shocks, specific contingency measures need to be developed. Weaknesses in governance, implementation capacity and an insufficient base of support for reform may also threaten the attainment of the strategy’s targets. Strengthened national capacity and strong political leadership will be needed to limit these risks.

. References

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YEMEN COMPARES: Yemen Investment Climate

The World Bank released recently its annual *World Development Indicators (WDI) 2002*. The WDI includes about 800 indicators (over 87 tables) for 152 countries and 14 country groups. The indicators are obtained from several research agencies listed in the WDI¹ (for more detail please refer to the website <http://www.worldbank.org/data/>). The WDI is composed of six sections including World View, People, Environment, Economy, States and Markets, and Global Links. The States and Markets section presents and discusses many indicators related to private sector development including investment climate, stock markets, and tax policies. Since improving investment climate is considered as the most important prerequisite for economic growth and poverty reduction, this issue of Yemen Update will: (i) review the importance of good investment climate to economic growth and to poverty reduction; and (ii) compare Yemen's profile with those of other low-income and Middle Eastern countries.

The WDI elaborate that peoples rise from poverty when countries proceed on two pillars of development: (i) building a good investment climate in which private entrepreneurs will invest, generate jobs, and produce efficiently; and (ii) empowering poor people and investing in them so that they can participate in economic growth. The good investment climate encompasses: (i) manageable macroeconomic indicators; (ii) good trade and investment policies that promote openness and raise productivity and growth; (iii) good governance with favorable regulation of industry, promotion of competition, and prevention of corruption; and (iv) sustainable and reliable basic infrastructures.

Recently, investment portfolios became a global issue and therefore, investors as well as governments seeking to attract investment must have a good understanding of trends in foreign direct investment and country risks. The WDI presents several measurements to assess investment climate. For the purpose of comparing Yemen's investment profiles with other low income and Middle Eastern countries, only four measurements will be utilized due to the incomplete data of the other measurements for most of the other comparator countries. The four measurements are (i) percentage of Gross Capital Formation; (ii) International Composite Risk Guide (ICRG); (iii) Institutional Investor Credit Ratings; and (iv) Euro-money Country Creditworthiness Rating.

TABLE 1: YEMEN'S INVESTMENT CLIMATE PROFILES COMPARED WITH MIDDLE EAST COUNTRIES

	FDI % of gross capital formation		Composite ICRG risk rating	Institutional investor credit rating	Euro-money country credit worthiness rating
	1990	2000	December	September 2000 ¹	Sep-01
Algeria	0.0	0.1	62.3	30.6	38.6
Egypt	5.9	5.2	68.8	47.1	52.6
Iran	-1.1	0.2	69.3	31.5	41.3
Jordan	3.0	33.0	71.0	38.8	46.5
Kuwait	..	0.4	84.0	63.6	75.8
Lebanon	1.2	10.0	56.8	31.6	44.7
Morocco	2.5	0.1	71.8	45.4	55.2
Oman	10.2	..	81.8	55.4	60.7
Saudi Arabia	77.3	58.8	67.2
Sudan	..	23.8	54.0	9.1	22.8
Syria	3.5	3.2	71.5	22.0	36.4
Tunisia	1.9	14.1	72.8	50.8	56.8
UAE	82.5	68.3	79.3
Yemen	-18.6	-12.3	65.3	..	30.1
World	4.1	14.0	69.1	33.9	38.8
Low income	1.3	3.4	59.8	16.2	26.5
Middle East & N. Africa	2.2	2.7	71.0	35.2	44.7

Foreign direct investment (FDI) is net inflows of investment to acquire a lasting management interest in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. In the case of Yemen, Table 1 shows that FDI was negative in 1990 and 2000 because outflows in those two particular years were greater than inflows due to the

¹ While the World Bank does not necessarily agree with the findings, the potential investors usually check those indices. Therefore, it is important for policy makers to pay attention to these published indices.

payments to oil companies as recovery cost for previous investments. However, it is very important to note that FDI for 2001 was positive though small (\$6.4 million).

The other measurements are related to risk ratings. However, due to the fact that most risk ratings are highly subjective, reflecting external perceptions that do not always capture the actual situation in a country, those risk ratings are reality that potential investors check and policy-makers face.

The *International Country Risk Guide* (ICRG) collects information on 22 components of risk, groups it into three major categories (political, financial, and economic), and converts it into a single numerical risk assessment ranging from 0 to 100. Ratings below 50 indicate very high risk, and those above 80 very low risk. Yemen ranks below Middle East countries but above low-income countries (Table 1).

Institutional Investor country credit ratings are based on information provided by leading international banks. Responses are weighted using a formula that gives more importance to responses from banks with greater worldwide exposure and more sophisticated country analysis systems. Countries are rated on a scale of 0 to 100 (highest risk to lowest), and ratings are updated every six months. No data are available for Yemen.

Euromoney country creditworthiness ratings are based on nine weighted categories (covering debt, economic performance, political risk, and access to financial and capital markets) that assess country risk. The ratings, also on a scale of 0 to 100 (highest risk to lowest), are based on polls of economists and political analysts supplemented by quantitative data such as debt ratios and access to capital markets. Yemen ranks as a higher risk and it is also below Middle East countries but above low-income countries.

TABLE 2: YEMEN'S INVESTMENT CLIMATE PROFILES COMPARED WITH LOW INCOME COUNTRIES

	FDI % of gross capital formation		composite ICRG risk rating	Institutional investor credit rating	Euro-money country credit worthiness rating
	1990	2000	December	September 2000	Sep-01
Ghana	1.8	8.9	59.5	25.4	35.2
Kenya	3.4	8.4	61.0	21.7	35.8
Madagascar	4.2	13.3	67.0	..	27.9
Malawi	0.0	20.3	60.0	17.9	26.1
Mali	-1.3	14.6	57.8	16.1	28.9
Mozambique	2.3	11.0	59.0	18.1	30.0
Tanzania	0.0	12.1	57.5	20.6	31.7
Zambia	35.7	37.6	53.5	16.0	26.5
Yemen	-18.6	-12.3	65.3	..	30.1
World	4.1	14.0	69.1	33.9	38.8
Low income	1.3	3.4	59.8	16.2	26.5
Middle East & N. Africa	2.2	2.7	71.0	35.2	44.7

Table 2 shows that it is only Yemen that had negative FDI in 2000. However, Table 3 shows that Yemen attracts plenty of FDI but that oil company recovery of cost simply outweighs them.

TABLE 3: YEMEN'S FOREIGN DIRECT INVESTMENT FOR YEAR 2000 (US\$ MILLION)

	Jan-March	April-June	July-Sept	Oct-Dec	Year 2000
Total expenditure of oil companies	93.5	121.4	149.4	216.5	580.8
Of which, O & M	38.2	36.2	50.1	82.8	207.3
FDI Inflows including non-oil	55.3	85.2	99.3	133.7	373.5
FDI Outflows (oil cost recovery)	155.5	140.3	145.7	132.9	574.4
Foreign Direct Investment	-100.2	-55.1	-46.4	0.8	-200.9

Source: Yemen Central Bank, Report of Balance of Payment 2000

What's New

Laws, Decrees and Agreements (June – September 2002):

- The President ratified Law No. 22, 2002 concerning Investment on July 20, 2002.
- The President ratified Law No. 23, 2002 concerning Establishment of Hope Bank for Micro Credit on July 20, 2002.
- The President ratified Law No. 24, 2002 concerning Mining and Stone Extraction on July 20, 2002.
- The President issued Law No. 25, 2002, regarding amending Law No. 4, 2000, governing Local Authorities, on August 4, 2002.
- The President issued Law No 27, 2002, ratifying Loan Agreement of June 15, 2002 for the amount of 178,500,000 Saudi Rials between the Government of Yemen and the Saudi Fund for Development on August 14, 2002.
- The President issued Law No. 28, 2002, ratifying Loan Agreement of April 16, 2002 for the amount of 15 million Kuwaiti Dinars between the Government of Yemen and Arab Fund for Social and Economic Development on August 14, 2002.
- The President signed Law No. 29, 2002, ratifying Joint Production Agreement of April 10, 2002 between the Ministry of Oil and several oil companies in block 52 in Hadhramout, Sar region on August 14, 2002.
- The President issued Law No. 30, 2002, ratifying Loan Agreement between Yemen and IDA for the amount of US\$ 5 million for funding of the Higher Education Project on August 14, 2002.
- The President issued Law No. 31, 2002, ratifying Loan Agreement between Yemen and OPEC Fund for Development for the amount of US\$ 12 million for funding of expanding sanitation network in Al-Hodeidah on August 14, 2002.
- The President, 2002, regarding implementation of the international anti-nuclear weapons agreement issued Law No. 32, on August 14, 2002.
- The President issued Law No. 33, 2002 concerning Water on August 31, 2002.
- The President issued Law No. 36, 2002 concerning amendment of article No. 70 of General Sale Tax Law (GST - No. 19, 2001), postponing the implementation of GST until January 1, 2004, on August 31, 2002.
- The President issued Law No. 37, 2002, ratifying Loan Agreement of May 26, 2002 for the amount of 30 million Kuwaiti Dinars between the Government of Yemen and Arab Fund for Social and Economic Development for financing (i) establishing electrical transmission line between Marib and Sana'a with 400 KW; and (ii) improving electricity network, on August 31, 2002.
- The President issued Law No. 38, 2002, ratifying Loan Agreement of February 15th, 2002 for the amount of US\$27.35 million between the Government of Yemen and IDA that will be used to finance health sector reform on August 31, 2002.
- The President issued Law No. 34, 2002 concerning Yemen Expatriates on August 31, 2002.
- The President issued Law No. 35, 2002 concerning Labor Syndicates on August 31, 2002.
- Decree No. 19 regarding arrangements of building and works was passed on June 9, 2002.
- Decree No. 20 regarding agreement for establishing a free trade zones between Yemen and Iraq was passed on June 9, 2002.
- Republican Decree No. 216/2002 regarding conducting a general population census in January 2004 was issued on June 16.
- Republican Decree No. 252 for the establishment of a general authority to counter drugs in the Interior Affairs Ministry was passed on July 7, 2002.
- Republican Decree No. 253 for the formation of a general administration for tourism police was passed on July 7, 2002.
- Republican decree No. 258, 2002 regarding Yemen's ratification of Memorandum of Understanding on control of the ships in the ports of the Indian Ocean was issued on July 24, 2002.
- Republican decree No. 259, 2002 regarding ratification of Cooperation Agreement between Yemen and Sudan in the field of information was issued on July 24, 2002.
- Presidential decree No. 262/2002 regarding establishment of National Security Authority was issued on August 6, 2002.
- The Cabinet approved a 50% decrease of the telephone fees on official holidays and tariffs for new line installation during its meeting on June 11, 2002.
- Six agreements and memorandums for road-engineering projects were signed during 14th session of the Yemeni-Saudi Coordination Council on June 15, 2002.
- Memorandum of Understanding (MoU) regarding cooperation between Foreign Ministries of both countries was signed during 14th session of the Yemeni-Saudi Coordination Council on June 15, 2002.
- Memorandum of Understanding in the field of environmental protection was signed during 14th session of the Yemeni-Saudi Coordination Council on June 15, 2002.

- Two agreements on oil exploration and production in blocks 57 and 58 for US\$ 31 million were signed on June 15 between the Ministry of Oil and a British Company.
- An agreement in the field of fisheries was signed between Yemeni Ministry of Fisheries and the Islamic Republic of Iran.
- Cooperation agreement between Yemen and Ethiopia was signed on July 10 in the field of investment, vocational training and cattle trade.
- Cooperation agreement between Yemen and France in cultural, scientific and technical fields was signed on August 21, 2002.
- Cooperation agreement between Yemen and Libya in the field of air transportation was signed on August 7, 2002.
- Ministry of Education issued Decrees No. 558, 559 and 560, 2002, regarding separating boys from girls in public schools and conditions of school employees.
- A judicial and legal draft agreement between Yemen and People Democratic Republic of Korea was signed on August 8, 2002.

Publications:

- A new book on “Wild Plants from Yemen” was published by the Sustainable Environmental Program of Ministry of Tourism and Environment. The book provides description and pictures for 200 Yemeni plants.
- 25,000 copies of the third edition of the Arabic/English Yellow Pages is expected to be printed soon. It will include 120,000 telephone numbers.
- The UNDP’s Arab Office and the Social and Economic Arab Development Fund published the first Arab Human Development Report in July 2002.
- The Ministry of Industry and Trade issued a new magazine entitled the “Commercial Magazine”.
- A book entitled “Judicial Reform Milestones” by Judge Mohammed Rashid Abdul-Muali, head of Judicial Inspection Board in the Ministry of Justice, has been issued in August 2002.

Data and Statistical Information:

- The growth of the domestic product of communications and transportation sector reached 4.3% this year compared to 0.44% in 2000. Public Telecommunications Corporation provided us with the following data for 2001:

Fixed Telephone Lines		Mobile		Internet Subscribers		Internet Cafes	
Equipped capacity	540,434	TeleYemen	27,837	TeleYemen	7,034	Sana’a	70
Lines in operation	422,228	GSM (Spacotel/ SabaFon)	120,000	PTC	1,992	Other cities	30

Source: Public Telecommunication Corporation, September 2002.

- Geological studies prepared by the Geology and Minerals Survey Authority indicated that Yemen has gypsum resources reaching 160 million tons.
- In September, Norwegian "Geopacific" vessel started an earthquake survey in Mukalla sea areas. The vessel will oil locations in depth of up to 300 to 700 meters into the sea. and cover 1,935 square km at the total cost of US\$ 10 million. The number of open sea blocks in the country reaches 40.

Conferences and Workshops (June – September 2002):

- Sixth workshop for local councils members was held in Sa’ada on June 11-13, 2002.
- National Program for Combating AIDs in cooperation with WHO organized the first course in socio-psychological assistance to AIDs victims in Aden on June 11-13.
- Symposium on religions and dialogue of civilizations was held in Sana’a on June 16, 2002.
- First conference on developing small enterprises was held in Taiz on June 9-10.
- The Second International Oil and Gas Conference was held in Sana’a on June 24 –26 under the motto “Promising Investment Prospects”.
- Training course to enable labor offices in all governorates took place in Sana’a on June 15-25.
- A press conference to launch the first Arab Human Development Report was held by the UNIC and the UNDP in Sana’a, on July 14.
- Symposium on psychological care was organized in Sana’a by the Ministry of Public Health and Population in cooperation with the Red Cross International Committee on July 8.

- Workshop on Marine Environment Protection was organized in Aden by the Environment Protection Authority on July 6.
- A symposium on International Safety Management Code and Insurance Policies was organized by the Yemeni Insurance Federation on July 8.
- Higher Council for Motherhood and Childhood in cooperation with UNICEF organized a workshop on July 15 to discuss a child protection strategy.
- Training course for supervisors of “awqaf” field survey committees was held in the Central Statistical Organization on July 20-27.
- The second rehabilitation course for judges was launched by the High Judicial Institute on August 3.
- Two-week workshop on Water Harvesting was concluded in Sana’a on August 7.
- The third National Symposium on Media, Globalization and Human Rights was held in Sana’a on August 3-6.
- Two-day training course was organized by the National Program for Combating AIDS/HIV in collaboration with UNICEF in Taiz on August 10-11.
- Training course for girls volunteers on reproductive health awareness raising was organized by Yemeni Family Care Organization in Al-Hodeidah on August 10-12.
- Training course for female teachers in Lahj, which was financed by UNICEF, took place on August 13-15.
- Regional Conference for Building National Industries and Customer Protection was held in Sana’a on September 13-15.
- 4th Conference for Arab Arbitration took place in Sana’a on September 14-15.
- Second General Yemeni Immigrants Conference was held in Sana’a on September 16-18.

Donor Activities:

- The World Bank has approved a \$130 million loan to finance the Urban Water Supply and Sanitation Project.
- An agreement was signed between the General Organization for Antiquities, Manuscripts and Museums and the Royal Netherlands Embassy for National Museum Project.
- The World Bank approved a US\$ 5 million Learning and Innovation Credit to the Republic of Yemen to support government reform of the higher education system.
- Debt relief agreement was signed by the Minister of Finance and US Ambassador for the total amount reduced and rescheduled US\$ 73 million.
- The UNICEF approved the implementation of several new projects in the education field in Toor al-Baha district for an amount of over US\$60,000.
- An agreement to reduce Yemen’s debts for the third phase of 2002 for amount of 145. 1 Million Japanese Yen was signed between the Yemeni and Japanese governments on September 8, 2002.
- An agreement between Yemeni and Japanese governments regarding development of educational activities for amount of 42,600,000 Japanese Yens was signed on September 8, 2002.
- An agreement between Yemen and UK regarding Aden’s Republican Hospital at the cost of US\$ 38 million was signed on August 10, 2002.
- Economic agreement between the Ministry of Finance and Japan on the third rescheduling of Yemen’s debts for 18.8 billion Japanese Yen was signed on July 10, 2002.
- Economic agreement between the Ministry of Planning and Development and Japan for US\$7.8 million was signed on July 10, 2002, for tuberculosis control in Southern Governorates and Debts Relief Grant.

WORLD BANK OPERATIONS

(1) Education Sector

The project aims to a) enhance the learning achievements of secondary students with special emphasis on science and mathematics education, and quality of teaching b) improve access of girls to secondary education, c) establish a community college system to meet middle-level manpower needs in business and industry.

IDA Credit amount: approximately US\$ 33 MN.

Effectiveness date: March 23, 1995.

Disbursed amount: US\$ 17.9 MN.

(2) Vocational Training

The project aims to a) strengthen vocational training system (VTS) management by providing a major role to the private sector in policy-making, management and financing of the VTS; b) improve the quality and relevance of vocational training (VT) through the enhancement of programs in existing centers and selective expansion (two new VTS) of two pilot centers; and c) reorient of adult education and training programs for women to improve their relevance. The components of the project are the following: 1) management and financing of VT, 2) quality improvement including five sub-components, 3) selective expansion (two new VTSs); and 4) adult education and training for females consisting of institutional development of adult education and training (AET) centers.

IDA Credit amount: approximately US\$ 24.3 MN.

Effectiveness date: August 7, 1996.

Disbursed amount: US\$ 16.8 MN.

(3) Transport Rehabilitation (closed on June 30, 2002)

The project aimed to a) rehabilitate critical components of the country's road and civil aviation infrastructure; b) improve institutional capacity in these sectors for planning and maintenance of existing assets.

IDA Credit amount: approximately US\$ 37 MN.

Effectiveness date: November 9, 1996.

Disbursed amount: US\$ 28.0 MN.

(4) Social Development Fund

The project aims to reduce poverty by improving living conditions and providing income generation opportunities to the poor. To achieve this objective, the project will establish a demand-driven mechanism to: (1) provide community development services to poor communities; and (2) support income generation activities through development of small and microenterprises. The project has three components: (1) community development; (2) small and microenterprise development; and (3) capacity building.

IDA Credit amount: approximately US\$ 30.0 MN.

Effectiveness date: September 24, 1997.

Disbursed amount: US\$ 29.3 MN.

(5) Southern Governorates Agricultural Privatization

The project aims to a) raise the income of very poor rural individuals and families in the southern governorates b) promote overall economic and social development rural communities c) test innovations that involve beneficiaries in planning and implementation. There are 5 components: 1) the land allocation and development, 2) the off-farm income development, 3) economic and social development, 4) technical assistance and training, 5) operating Project Management Unit.

IDA Credit amount: approximately US\$ 20.7 MN.

Effectiveness date: June 29, 1998.

Disbursed amount: US\$ 7.3 MN.

(6) Seeds and Agricultural Services

The project aims to improve agricultural productivity of rain fed and irrigated crops. Four components comprise the project: 1) promoting information media campaigns to encourage private operators, and to build the capacity of the governmental agency doing seed and fertilizer quality control; 2) seed sourcing and variety testing, and restructuring existing seed centers to commercialize and privatize their operations; 3) expanding input supply marketing channels to address the undersupply of inputs due to private sector oligopolies; and 4) establishing a project support unit.

IDA Credit amount: approximately US\$ 12.5 MN.

Effectiveness date: September 2, 1998.

Disbursed amount: US\$ 9.3 MN.

(7) Sana'a Emergency Power

The project aims to: a) relieve critical supply constraints and meet the growing demand for a reliable and adequate power supply and b) lay the foundation for development and reform of the power sector in an economically and environmentally sustainable manner, and with increased participation of the private sector. The project consists of four components: 1) new generation capacity; 2) rehabilitation of existing generation units and transmission networks; 3) project management and training; and 4) technical assistance for sector planning and institutional reform.

IDA Credit amount: approximately US\$ 54.0 MN.

Effectiveness date: January 14, 1999.

Disbursed amount: US\$ 24.0 MN.

(8) Public Works II

The Second Public Works Project for the Republic of Yemen, which extended the First Public Works Project. It aims to help mitigate the adverse affects of economic adjustment through poverty alleviation measures targeted to the country's poor communities.

In addition to project management, which provides institutional strengthening. The two main project components are 1) community infrastructure, which consists of small-scale civil works and 2) technical assistance and consultant services for project preparation and implementation.

IDA Credit amount: approximately US\$ 50.0 MN.

Effectiveness date: March 3, 1999.

Disbursed amount: US\$ 31.8 MN.

(9) Sana'a Water Supply and Sanitation

The project aims to: a) address emergency sewer installation and water network rehabilitation needs in Sana'a; b) increase the availability of urgently needed potable water in the city; c) improve the efficiency of water and wastewater services in the city; and d) prepare the sector for significant private sector participation. The project components include: 1) water resources, 2) water supply and distribution, 3) sewerage, 4) technical assistance and institution capacity building 5) preparation of possible future Adaptable Program Loans.

IDA Credit amount: approximately US\$ 25.0 MN.

Effectiveness date: June 30, 1999.

Disbursed amount: US\$ 18.2 MN.

(10) Legal and Judicial Reform

The project aims to implement a pilot program of judicial training, to assess, and enhance the effectiveness of the judiciary, provide business advice, as well as develop an economic legislation.

The project components include: 1) the judicial development, 2) the legal development, 3) the development of a public awareness campaign.

IDA Credit amount: approximately US\$ 2.5 MN.

Effectiveness date: January 24, 2000.

Disbursed amount: US\$ 1.1 MN.

(11) Civil Service Modernization

The objective is to create sustained utilization of human and financial resources in the civil service. The project would help put in place core personnel and financial management systems, establish a mechanism to reduce the number of unqualified civil servants, and initiate a restructuring process in individual ministries.

IDA Credit amount: approximately US\$ 30 MN.

Effectiveness date: November 29, 2000.

Disbursed amount: US\$ 1.7 MN.

(12) Child Development

The project aims to assist the Government of Yemen in the implementation of a coordinated area-based program (ABP) for improving the health and nutritional status of children under five and educational status of girls in primary schools in districts that are currently under-served in the areas of health and

education. Key performance indicators include: reduced child mortality, improved nutritional status of young children, and increased enrollment and learning achievement of girls up to grade six.

IDA Credit amount: approximately US\$ 28.9 MN.

Effectiveness date: December 19, 2000.

Disbursed amount: 7.2 MN.

(13) Social Development Fund II

Through a combination of community development, capacity building, and micro-finance programs, the project aims to improve the range of services, and options available to the poor. The components will: 1) support the development of community participation, 2) increase access of the poor to financial services 3) build stakeholders' capacity to effectively identify, implement, and operate development sub-projects.

IDA Credit amount: approximately US\$ 75.0 MN.

Effectiveness date: January 9, 2001.

Disbursed amount: US\$ 22.0 MN.

(14) Basic Education Expansion Project

The project aims to support the GOY's effort for Education for All, specifically to increase enrollment of rural children, particularly girls, in the first six (6) years of basic education. The project will expand access to basic education in four governorates based on an objective school mapping, improve the quality of teaching-learning, and to strengthen the capacity of the MOE including decentralization.

IDA Credit amount: approximately US\$56.0 MN.

Effectiveness date: January 16, 2001.

Disbursed amount: US\$ 3.6 MN.

(15) Irrigation Improvement

The project is the first phase of an adaptable program lending (APL). Its main development objectives are: (i) to ensure sustainable and efficient water conveyance, distribution and use in two spate irrigation schemes of Tuban and Zabid covering a total area of 26,000 ha, through systems rehabilitation and modernization, and participatory irrigation management (PIM); and (ii) to increase agricultural productivity and rural incomes through implementation of an intensive demonstration program. The second phase of the APL would complete the process of rehabilitation and PIM for the remainder of the spate irrigation schemes in Yemen

IDA Credit amount: approximately US\$21.3 MN.

Effectiveness date: January 18, 2001.

Disbursed amount: US\$ 0.7 MN.

(16) Rural Water Supply and Sanitation

The Rural Water Supply and Sanitation Project for the Republic of Yemen aims to expand sustainable rural water supply and sanitation service coverage to mostly poor rural dwellers in ten governorates. There are three project components: 1) the water supply component, 2)

environmental sanitation, 3) equipment and running costs, as well as technical support, training, technical assistance, and sector studies.

IDA Credit amount: approximately US\$ 20.0 MN

Effectiveness date: October 23, 2001.

Disbursed amount: US\$ 07. MN.

(17) Taiz Municipal Development and Flood Protection

The project aims to protect city residents, businesses, and infrastructure from seasonal destructive flash flooding in the City of Taiz; to develop the city's capacity to carry out a major part of their responsibilities under the country's new Local Authorities Law; and to initiate support for Yemen's decentralization program. There are three main project components: 1) civil works to construct flood structures, 2) the funds needed to carry out the Resettlement Action Program, including infrastructure improvements to the site, new housing for the displaced population, cash settlement grants, and funds for a local NGO, 3) experts to assist the government in implementing decentralization.

IDA Credit amount: approximately US\$ 45.2 MN

Effectiveness date: February 26, 2002.

Disbursed amount: US\$ 1.7 MN.

(18) Rural Access Improvement

The project aims to improve the livelihood, and reduce the isolation of the rural population in Yemen. The components will: 1) test, and demonstrate new technical standards for rural roads, 2) test rural accessibility in fifty km of village access roads, 3) establish participatory processes on rural access planning, and support the technical preparation work 4) establish institutional frameworks, and capacity building to support the decentralized management of rural access improvements, 5) finance supplemental operating costs, 6) finance the rehabilitation of the Al Ahmar - An Naqbah Road.

IDA Credit amount: approximately US\$ 45 MN.

Effectiveness date: March 18, 2002.

Disbursed amount: US\$ 1.5 MN.

(19) Health Reform Support

The Government of Yemen launched a health sector reform in 1998 aimed at improving equity, quality, effectiveness and accessibility of health services. At the request of the Government of Yemen, the HRSP will support the national health reform program through a three-pronged approach. It will seek to strengthen service delivery for women and children in poor communities; support public health programs, specifically health education, and malaria, which causes approximately 150,000 deaths a year; and boost the management and financing systems of the health sector.

The IDA Credit amount: approximately US\$ 27.5 MN.

Board approval date: March 28, 2002.

(20) Higher Education Learning and Innovation

The project aims to assist in the preparation of a higher education reform strategy, and to pilot initial phases of its implementation, which, if successful, would prod the development of a second, medium-term phase of the reform, likely to require donor support, and further Bank lending. Three main components will support: 1) governance, 2) financing of the redesign process of the universities' budget structures, and procedures, to facilitate flexible allocation of resources, and efficient expenditures. 3) quality of education.

The IDA Credit amount: approximately US\$ 5.0 MN

Board approval date: June 18, 2002.

(21) Urban Water Supply and Sanitation

The first phase of the project aims to increase water supply in populated urban communities through improved operation and reduction of water use. UWSSP will also establish regional water corporations with participation of the private sector to provide affordable sewerage facilities to enable wastewater use in agriculture.

IDA Credit amount: approximately US\$ 130 MN.

Board approval date: August 1, 2002.

WB MISSIONS (JUNE -SEPTEMBER 2002)

Human Development Sector:

- A Supervision mission of the Basic Education Expansion Project by Mr. Ousmane Diagana, Sr. Operations Officer, TTL, and Ms. Hena Mukherjee, Lead Education Specialist, was undertaken on June 8-15.
- A joint Supervision mission with UNICEF of the Child Development Project led by Mr. Ousmane Diagana, Sr. Operations Officer, TTL, was undertaken on June 22-26, 2002.
- Mission led by Mr. Sameh El-Saharty, Sr. Health Specialist, for preparation of ICR for the Family Health Project and agreeing on the implementation of the new health reform support project is scheduled for August 19-29.
- Ms. Mira Hong (Program Analyst) came on a six-month development assignment to work on Health and Social Protection starting August 3.

Natural Resources Sector:

- Mr. Arbi Ben Achour, Sr. Social Scientist, carried out a supervision mission on Seeds Project on June 13-17.
- IDA follow-up to pre-appraisal mission for Sana'a Basin Water Management Project led by Mr. Peter Koenig, Sr. Water Resources Specialist, took place on June 16 – July 3.
- Messrs. Satoru Ueda , Sr. Water Resources/Dam Specialist, Vahid Alavian, Sr. Water Resources Specialist, and Nejdet Al-Salihi, Consultant, carried out a brief review of the progress in preparation of the Groundwater and Soil Conservation Project on June 14 –20.
- Messrs. Jean-François Barrés, TTL for Coastal Zone Management, Naji Abu-Hatim, Sr. Operations Officer, and Ms. Stephanie Brackmann, TTL for Protected Areas Management, performed a supervision mission to assess the status for the GEF PAM & CZM Projects on June 27 – July 7, 2002.
- A workshop for the staff of Project Management Units aimed to build awareness of the Bank’s environment and social safeguard policies and environmental assessment took place on July 4 –10.

Infrastructure Sector:

- Messrs. Ramiz Al Assar, Sr. Transport Planner, Andreas Schliessler, Sr. Transport Economist, and Robert Fishbein , Consultant, performed supervision mission of Transport Rehabilitation Project and Rural Access Improvement Program on June 22 – 30.
- Mr. Uruj Kirmani, Consultant, performed supervision of Urban Taiz Municipal Project on July 15-29.
- Messrs. Richard Spencer, Kyran O’Sullivan, Masrehem Brhane and Voravate Tuntivate performed supervision mission of Energy/Rural Access during September 21-October 10.

Social and Economic Development Sector:

- Mr. Giulio De Tommaso, Public Sector Management Specialist, performed 2 supervision missions for Civil Service Modernization Project and launched Civil Service Fund during June 22 –July 2, and during September 21-October 4.
- Mr. Hadi Abushakra, Lead Counsel, performed supervision of Legal and Judicial Reform Project on July 12-16.
- Ms. Nehal El-Kouesny, Program Assistant, came for PIC rehabilitation and setting outreach program mission on July 13-19.
- Consultants Mmes Najwa Adra, Maritza Arrastia and Fatiha Makloufi implemented “Literacy Through Poetry” Program in Yemen during August 17 –September 7.

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