

Report No. 2963a-YAR

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# Yemen Arab Republic Local Development Associations: A New Approach to Rural Development

March 2, 1981

Country Programs Department I  
Europe, Middle East and North Africa Region

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CURRENCY EQUIVALENTS

US\$1.00	=	Yemeni rials (YRLs) 4.50
YRL 1.00	=	US\$0.22
YRLs 1 million	=	US\$222,222

ABBREVIATIONS

CYDA	=	Confederation of Yemeni Development Associations
GCC	=	Governorate Coordinating Council
HA	=	Highway Authority
LDA	=	Local Development Association
CDB	=	Cooperative Development Bank
MYLSA	=	Ministry of Youth, Labor and Social Affairs
RWSD	=	Rural Water Supply Department
VDC	=	Village Development Committee
YAR	=	Yemen Arab Republic

FISCAL YEAR

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January 1 - December 31 (from 1981)

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## الجمهورية العربية اليمنية

### هيئات التعاون الاهلي للتطوير: نهج جديد نحو التنمية الريفية

#### الخلاصة

١- مقدمة: تمثل حركة هيئات التعاون الاهلي للتطوير والقائمة على المبادرات المحلية اسلوب لامركزي ذاتي نابع من القاعدة لسد احتياجات الريف من الهياكل الاساسية وأهمها الطرق والمياه النقية والخدمات المدرسية والصحة وغيرها من المشروعات على اساس اسبقيات محلية تحدد على المستوى الاهلي في المناطق الريفية . وهذا الاسلوب مستمد من واقع تاريخ وطبيعة شعب الجمهورية العربية اليمنية والذي تطور نتيجة انعزال الشعب خلال القرون الطويلة عن الحكومة المركزية والعالم الخارجي، كما ان مهمة تلك الهيئات تنبع نتيجة لامكانيات الحكومة المحدودة التي تحول دون الاتصال بالمناطق الاهلية وخدمتها .

٢- التخطيط والاسبقيات: وبصفة عامة تقوم هيئات التعاون الاهلي للتطوير باعداد خطة ثلاثية تجمع ما بين برامج تعكس الاحتياجات الملموسة لأبناء المجتمع المحلي (وغالبا ما ينطبق ذلك على قرية أو عزلة) في منطقة عمل الهيئة والتي تتبلور نتيجة المناقشات التي تتم مع ممثلي الهيئة المنتخبين والذين يعبرون عن صوتها . وقد تركزت هذه الاحتياجات حتى الآن في مشروعات لبناء الهياكل الاساسية مع اعطاء اسبقية مطلقة الى مشروعات الطرق ومياه الشرب على التوالي فيما عدا المناطق الصحراوية التي لا تشكل فيها الطرق الفرعية مشكلة كبرى . وتتسم الخدمات المدرسية والصحية بأسبقيات ثانوية بناء على ادراك المجتمع المحلي لاحتياجاته الاساسية .

٣- المنجزات المادية وتعبئة الموارد: لقد حقق التدفق المتزايد لتحويلات العاملين في الخارج الى الريف اليمني (١٥ بليون دولار خلال السنة المالية ١٩٧٩)

انطلاقاً من زيادة لنشاط هيئات التعاون الاهلي للتطوير خلال السنوات الاخيرة ، اذ تم انفاق ما يبلغ مجموعه حوالي ٥٠٨ مليون ريال يميني (أى حوالي ١١٣ مليون دولار) خلال السنتين الماليتين ١٩٧٧ و ١٩٧٨ لإنشاء ٦٥٢٠ كيلومترا من الطرق الروافد، و ٦٤٣ مشروعا لتوفير المياه واقامة ٣٤٧ مدرسة و ٣٠ مستوصفا وغيرها من المشروعات المختلفة التي احدثتها هيئات التعاون الاهلي للتطوير، وذلك مقارنة بمصروفات الحكومة المركزية الانمائية خلال نفس المدة البالغة ١٧٥١ مليون ريال يميني (منها ٨٧٣ مليون ريال بالموازنة العامة). وقد تم انفاق حوالي ١٤٥ مليون ريال من مجموع المصروفات الانمائية لهيئات التعاون البالغ ٥٠٨ مليون ريال سحبا على موازنات الهيئات (تستمد ايرادات تلك الهيئات اساسا من ٧٥ ٪ من الزكاة و ٢٠-١/٢ ٪ من حصلة الرسوم على الواردات)، بينما ساهم المنتفعون بما نسبته اكثر من ٩٥ ٪ من الرصيد. وعلى ذلك تعتبر هيئات التعاون كوسيلة فعالة لتعبئة الموارد المطلوبة للتنمية. ومما يثير الانتباه ان نشاطها لم يتأثر الى اية درجة ملموسة نتيجة للمشكلة التي تثار سيرتها مرارا وتكرارا والخاصة بنقص الايدي العاملة في اليمن.

٤- التنظيم: في بداية عهد تكوين هيئات التعاون الاهلي للتطوير تم ذلك على يد نفر من اهل الفطنة. وقد بدأت الهيئات بحيث يشمل مجال نشاطها اما محافظة او ناحية او عزلة. اما الآن فيتم تنظيم الهيئات على اساس النواحي وترتبط بالحكومة المركزية والوزارات والدوائر الفنية عن طريق مجلس التنسيق التابع للمحافظة وذلك على مستوى المحافظة، والاتحاد العام للتعاون الاهلي للتطوير على المستوى القومي. ويتشكل كل من المجلس او الهيئة من جمعية عامة ومجلس ادارة يتم انتخاب اعضاءه. ويقوم الناخبون الموءهلون لذلك في منطقة نشاط الهيئة بانتخاب اعضاء الجمعية العامة بينما يتكون مجلس التنسيق للمحافظة من رؤساء جميع هيئات التعاون في المحافظة. ويتألف مجلس ادارة الاتحاد العام من احد عشر امينا عاما من مجالس المحافظات، وأحد عشر عضوا يقوم بانتخابهم رؤساء جميع هيئات التعاون، وتسع وكلاء وزراء ليس لهم حق التصويت تعيينهم الحكومة. ان مهمة مجالس المحافظات والاتحاد

العام الاساسية هي تنسيق نشاط الهيئات والاشراف عليها وتدريب العاملين بها وتدقيق حساباتها وتوفير المعونة الفنية. وتعتبر الهيئات مسؤولة عن ابتكار وتنفيذ المشروعات. وعادة ما تعمل مجالس ادارة الهيئات على تشكيل لجان قروية للتنمية لضمان اشراك القرويين في تمويل وتنفيذ المشروعات.

٥- ان الترابط ما بين التقليد اليمني العريق الذى يتسم بالمبادرة والمعونة الذاتية مع ما يواكبه من عجز الحكومة المركزية على اىصال رسالتها الى المناطق الريفية يجعل من الصعوبة بمكان رسم فاصل محدد المعالم بين مسؤوليات الحكومة المركزية في مجال التنمية القومية ومسؤوليات هيئات التعاون الاهلي للتطوير. ولحسن الحظ فان الحكومة المركزية مدركة لما يحدّ من نشاطها وتعترف لما لهيئات التعاون الاهلي من نفوذ. وعلى ذلك فقد جاءت نتيجة توزيع المسؤوليات فيما بين المشروعات الحكومية للتنمية وتلك الخاصة بالهيئات نتيجة حوار مستمر يجرى بصفة اساسية عن طريق مجالس التنسيق لكل محافظة والاتحاد العام للتعاون الاهلي للتطوير عوضا عن مجرد التنفيذ صارم التطبيق للحدود القانونية لمسؤوليات الوزارات المعنية بالشؤون الفنية.

٦- المعوقات : على الرغم من المنجزات المادية والتنظيمية المثيرة التي تم تحقيقها الا ان هناك عدد من المعوقات الفنية التي تعرقل نشاط هيئات التعاون الاهلي للتطوير. وتتعلق اولى هذه المعوقات بالافتقار الى العاملين المهرة وهي ظاهرة سائدة في جميع ارجاء البلاد، بمعنى عدم توفر العناصر اللائقة لدى الاتحاد العام للتعاون الاهلي للتطوير واللازمة لمتابعة الاعمال الجارية وتدقيق الحسابات وتدريب العاملين بهيئات التعاون الاهلي للتطوير. اما العائق الثاني فيرتبط بالصعوبات التي تواجه السلطات بالنسبة لحل الخلافات الناشئة عن بعض نتائج الانتخابات والتي أدت الى شل حركة عدد من هيئات التعاون الاهلي. وثالثا ما قد يحدث في بعض الحالات من اعداد الخطط على اساس ادنى من المشاركة الشعبية. ورابعا،



ان تنظر في امر استخدام وسائل الاتصال الجماهيرية مثل التلفزيون والاذاعة كقنوات لبث رسالة النهوض بالريف وللتعريف بالعناصر التي ساهمت في نجاح هيئات التعاون الاهلية، (د) يشكل التنظيم الهيكلي للجهاز المكون من الاتحاد العام للتعاون وهيئات التعاون والذي يتجه من القاعدة الى القمة وبالعكس، وكذلك صدق وفاء هيئات التعاون في اداء رسالتها طاقة محتملة لتنويع الانطلاقة الحالية للهيكل الاساسية كي تتجه الى قطاعات اخرى مبتدئة بالزراعة والانشطة الاخرى المرتبطة بالزراعة وبالتغذية وبالصحة وحتى بنشاط الصناعات الصغيرة، وأخيرا (هـ) تستطيع الحكومة المركزية ان تساند الحركة التعاونية في تعبئة رءوس الاموال والقيام بالاستثمارات السليمة وذلك باعداد حافظة من المشروعات التي تستطيع هيئات التعاون الاهلي للتطوير والتعاونيات المنتجة وحتى الافراد المهتمون المساهمة فيها.



## SUMMARY AND CONCLUSIONS

i. Introduction. The Local Development Association (LDA) movement, which is based on local initiative, represents a bottom-up, self-reliant and decentralized mechanism for meeting basic rural infrastructure needs-- principally roads, drinking water, schools, health facilities and other projects based on priorities determined at the local level in the rural areas. This mechanism has its roots in the very history and character of the people of the Yemen Arab Republic (YAR) which has evolved from centuries of their isolation from the Central Government and the rest of the world. The important role of the LDA is also a consequence of the limited capacity of the Central Government to reach and serve the rural areas.

ii. Planning and Priorities. Generally, an LDA formulates a three-year plan which comprises a synthesis of programs reflecting the perceived needs and priorities of the members of each community (usually a village or a sub-district) in the LDA territory as discussed with, and expressed through, its elected representatives. Communities' needs have so far consisted of infrastructure projects. Top priority has been given to roads and water, respectively, except in desert areas where access roads are not perceived as a major problem. Schools and health facilities emerge alternatively as a distant third, depending on the individual community's perception of its specific "basic needs".

iii. Physical Achievements and Resource Mobilization. The rising flow of remittances to rural Yemen (\$1.5 billion in FY79) has given increased momentum of LDA activities during the past few years. In FYs77-78, a total of about YRls 508 million (about \$113 million) was spent on 6520 km of feeder roads, 643 water supply schemes, 347 schools, 30 health clinics and various other projects conceived by LDAs. This compares for the same period with the Central Government development expenditure of YRls 1751 million (YRls 873 million from the Government budget). Of the YRls 508 million spent on LDAs projects, about YRls 145 million was spent from the LDA budgets (LDA revenues come mainly from 75 percent of the religious tax (Zakat) and 2-1/2 percent of the import duties), and over 95 percent of the remainder was contributed by private beneficiaries. LDAs are, therefore, an effective vehicle for mobilizing resources for development purposes. Interestingly their activities have not been affected in any perceptible way by the oft-cited problem of labor shortages in YAR.

iv. Organization. When the LDA movement started in 1963, a typical LDA was formed by a number of enlightened persons coming together. At the outset LDAs covered a governorate (mohafaza), a district (nahiya) or a subdistrict (ouzlak). Presently, LDAs are organized on the basis of districts and relate to the Central Government, its technical ministries and departments through the Governorate Coordinating Council (GCC) in each governorate, and nationally through the Confederation of Yemeni Development Associations (CYDA). Each LDA and GCC has a general assembly and an elected board. Eligible voters in the LDA territory elect members to its general assembly while the

general assembly of a GCC consists of the presidents of all LDAs within a governorate. The membership of CYDA's board comprises 11 GCC general secretaries, 11 persons elected by LDA presidents and 9 non-voting deputy ministers appointed by the Government. GCCs and CYDA are mainly charged with the coordination and the supervision of the LDAs activities, training of staff, auditing of accounts and the provision of technical assistance; the LDAs are responsible for the initiation and implementation of projects. LDA boards usually establish village development committees to ensure villages' participation in financing and implementation of projects.

v. The combination of the Yemeni tradition of initiative and self-help together with the inability of the Central Government to reach the rural areas makes it difficult to draw a definite line between the responsibilities of the Central Government in the field of national development and those of the LDAs. Fortunately, the Central Government realizes its own limitations and recognizes the strength of LDAs. Thus, the division of responsibilities between Government development projects and those of LDAs is the result of continuous dialogue mainly through the governorate coordinating councils and CYDA rather than strict enforcement of legal definitions of technical line ministries' responsibilities.

vi. Constraints. In spite of the impressive physical and organizational achievements, a number of bottlenecks hamper LDA activities. The first relates to skilled manpower shortages, which are pervasive throughout the country: the unavailability of adequate staff at CYDA to monitor the work, audit the accounts and train the staff of LDAs. Second, the inability of the authorities to settle the disputes arising from some election results has made these LDAs inactive. Third, in some cases, plan preparation is undertaken with a minimum of input from the people. Fourth, institutionally, the general tendency to centralize and overbureaucratize, as well as the Government's and foreign donors' promises to undertake projects now undertaken by LDAs, will weaken the unique and self-reliant orientation of the movement. Fifth, maintenance, the weakest link in the LDA project cycle, is virtually non-existent in many LDAs. Sixth, the lack of staffing of completed facilities will diminish the movement's incentive for undertaking similar needed projects.

vii. Conclusions. In the context of rural development what is rhetoric in most countries appears to be a reality in the YAR. The impact of LDAs on overall rural development has already been significant. The LDA movement has channelled the initiatives of the rural population into filling a significant but still small percentage of Yemen's infrastructure needs. More can be achieved in the future provided the spirit of the program remains intact.

viii. The mission, therefore, believes that (a) the CYDA-LDA setup should be allowed to continue doing more of the same on the same principles. Initiatives of rural communities and delegation from the center should remain

the key features of the rural development policy; (b) the Central Government needs to formally shape a rural development policy with the CYDA-LDA mechanism as the principal medium for planning rural development; (c) in view of the prevailing manpower shortages, the Government could consider utilizing the media, television and radio as a conduit for communicating its rural development message and the ingredients that have helped active LDAs; (d) the organizational structure of the CYDA-LDA setup, from the grass roots to the top and vice-versa, and the current high credibility of the LDAs, represents a potential for diversifying the present infrastructure thrust into other sectors: initially agriculture and agriculture-related activities, nutrition and health and even small-scale industry; and (e) the Central Government could assist the cooperative movement in mobilizing capital and undertaking sound investments by assembling a portfolio of projects, which the LDAs, productive cooperatives, or even individuals could take up.



## I. INTRODUCTION

1.01 The rule of the Imams in Yemen was terminated on September 26, 1962 by the Republican revolution which led to the emergence of the Yemen Arab Republic (YAR). With this, a long period of Yemeni isolation from the outside world ended and the public sector nominally began to be built up. However, it was only after a protracted civil war that lasted until mid 1970 that the foundations of a modern state were established. There was also substantial economic growth in YAR in the 1970s. The oil boom of 1973/74 in Saudi Arabia attracted a large number of Yemenis to assist in the development of that country; it is estimated that about 13 percent of YAR's population (about 800,000 or some 40 percent of the male labor force) were employed in the neighboring oil-producing countries in 1979 and that their remittances account for some 40 percent of Yemen's GNP. The gross inflow of remittances reached \$1.5 billion in FY79, while YAR's per capita GNP reached \$420 for the same year. 1/

1.02 Nonetheless, despite these impressive economic indicators, YAR is still one of the least developed countries in the world. The quality of life as indicated by social data leaves much to be desired. Diseases such as tuberculosis, bilharzia and malaria are pervasive. Life expectancy is at a low level of 47 years because of malnutrition, polluted potable water, limited awareness of health practices, and the lack of hospitals, clinics and medical staff. Modern communication and transportation have so far reached only a small portion of the population. Educational opportunities are rare. The illiteracy rate is still about 87 percent and the education system is severely hampered by the scarcity of schools and the shortage of teachers. These problems are most pronounced in the rural areas of Yemen where about 90 percent of the population still resides. The problems result in large measure from the virtual absence of modern economic or social infrastructure in YAR until the early 1970s and in rural areas even up to now. The provision of such infrastructure is a necessary condition to ameliorate the plight of the rural population.

1.03 While the Government of YAR is actively committed to economic and social development and rural development in particular, its capacity to provide the needed infrastructure is limited. Thus, the Central Government, with its relatively new institutions still concentrates its efforts along the perimeter of the Sana'a-Taiz-Hodeidah triangle and it will be a long time before such efforts reach the heart of the country's rural areas. However, the principles of self-reliance, private initiative and decentralization which have their roots in centuries of the Yemeni isolation from the rest of the world and the absence of any effective Central Government have generated a successful vehicle for the development of rural Yemen through the Local Development Association (LDA) movement.

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1/ The figure is based on World Bank Atlas methodology.

1.04 This report assesses the existing and potential role of LDAs in rural development in YAR. The historical and sociological perspectives, the emergence of LDAs and their relations with the community and the Central Government are described in Chapter II. The statutory and nonformal responsibilities and functions of the LDAs are discussed in Chapter III, while Chapter IV reviews the achievements, potentials and constraints, and Chapter V summarizes the mission's conclusions.

1.05 The report deals mainly with LDAs in rural areas. LDAs which cover the governorates' capitals are also active institutions; their priorities however differ from those of the rural LDAs since roads and water are generally available in most of these urban areas. Most of the resources of the urban areas are allocated to health clinics, schools, recreation parks, slaughter houses and other public facilities.

## II. HISTORICAL AND SOCIOLOGICAL PERSPECTIVE

### A. The Historical Setting

2.01 Given Yemen's geography, consisting of a combination of mountains, desert and rainfed plains, historically organizations that functioned in rural areas existed by definition to serve the isolated tribes and were based on leadership of the heads (sheikhs) of each tribe. Due mainly to the physical constraints, and hence the absence of a strong central authority, a tradition of local government developed over time in YAR. However, it appears that in the past these local village organizations focused almost exclusively upon law and order and not economic development as evidenced by the relative absence of infrastructure, which was evident to an even greater extent hitherto. Further evidence can be seen in the total neglect of the social sectors of education, health, and nutrition. Nonetheless, the physical setting and the difficulty of access to and from the villages resulted in a self-reliant people who organized themselves, concentrating on subsistence living. Their creative talents were applied to the imaginative terracing in mountain areas and construction of complex fortified structures for their dwellings.

2.02 During the period of the Ottoman occupation, the central administration concentrated on controlling the major population centers. The rural areas had to function on their own. The rule of the Imams from 1918 to 1962 brought on more local control and authority, but virtually no development; so self-reliance continued to be a necessary condition for survival. The Civil War of 1962 to 1970 witnessed the beginning of public administration, but the modern concept of government only emanated in the 1970s, although it too had little effect on local administration and organization.

### B. The Emergence of the LDAs

2.03 The LDAs emerged as a result of the pressure which had been built up from the pent-up demand for basic services. They started in 1963 following decree No.11 of the Republican Government of the Yemen Arab Republic calling for the creation of local development associations to build the basic infrastructure in their respective areas: initially, the LDAs were voluntary community organizations based on local resource mobilization efforts. Due to the scarcity of local resources, LDA activities were severely limited even after the establishment of the Ministry of Youth, Labor and Social Affairs (MYLSA) in 1968 with authority to provide Central Government support for the LDA movement. In June 1973 the leaders of the 28 existing LDAs met and formed the Confederation of Yemeni Development Associations (CYDA), which immediately set about standardizing organizational arrangements within the different associations and introducing democratic procedures aimed at securing greater popular support and participation. The organizational arrangements and procedures to be adopted by the movement established in 1975 through Decree No. 35 continue to apply to this date. The emergence of the LDAs as a formally organized movement is, therefore, a consequence of the environment in which the Yemenis have lived and the people's appreciation of the limitations of the Central Government in adequately reaching and serving the needs of the rural population.

2.04 The LDA movement represents a decentralized system which integrates and builds upon the "traditional setting". This setting encompasses the typical extended family through the village to the subdistrict, the district, the governorate and the Central Government. Details about the composition of the various bodies at each level and their functions are given in Annex I.

#### C. Government and Community Support for LDAs

2.05 The LDA movement has the strong support of the Central Government. The President of the Republic is also president of CYDA--which indicates the importance attached to LDAs as part of the political process. Furthermore, the rank of the secretary general of CYDA has recently been elevated to the level of a deputy prime minister, making the operating head of the LDA organization one of the top ranking officials in the country. Simultaneously, the rank of the assistant secretary general of CYDA was elevated to that of a cabinet minister, making CYDA and the LDAs one of the most prestigious organs within the Government. At the local level it is interesting to note that the directors (mudirs), the highest ranking Government officials at the local district level, defer to the LDA representatives on all issues relating to development.

2.06 Within the incipient Central Government administration the technical ministries support CYDA and the LDAs. They integrate LDA initiatives into their own plans and budgets and lend technical support to the extent of their resources (for example, the Ministry of Public Works for highways and water and the Yemen General Electric Corporation in systems design). Finally, the extent to which authority and responsibility is delegated to the LDAs indicates that LDAs are regarded by Government as a critical part of the development effort. The Government also pays the salary of any of its employees seconded to the LDAs (see Chapter III, Section B).

2.07 An important indicator of its commitment to the LDA movement is the financial support provided by the Government. Since 1979, 75 percent of the net Zakat collected accrues to LDA budgets instead of 50 percent which was the level hitherto. The enactment and collection of other major revenue measures--such as a tax on imports which benefits LDAs, as well as the Government's contributions to LDA projects and its direct assistance in the form of equipment, demonstrate the extent of the Government's commitment to the movement (Chapter III, Section F). These actions demonstrate that the LDA movement is an extension of the Central Government's efforts in the economic and social development of rural Yemen.

2.08 Community support to the LDAs is most vividly highlighted by the amount of infrastructure that has been created largely over the past few years and the local financial contributions to LDA projects over and above the Zakat. Rural financial support to the LDA projects amounted to more than YRls 350 million during FYs77-78, or 70 percent of the total expenditures of YRls 508 million on LDA projects during the same period (Chapter IV, Section A(iii)). The large number of persons from rural communities who seek office in the LDA general assemblies demonstrates that the people want to play

a part and that they support the movement. The election process and voting patterns provide ample evidence that the communities support the objectives of the LDAs. Poor performance or passivity by office holders invariably results in loss of office.

D. Effect of the LDAs on Social/Political/Economic Structure of the Village

2.09 Although the LDA movement has gained perceptible momentum only over the past four years or so, it clearly has had a dramatic effect on the social, political, and economic structure of the villages. By linking rural communities with other areas, the LDA movement has brought the concept into village life and raised their awareness of the potential of economic development. The isolation, stagnation and hardships that were all-pervasive in Yemen through 1962 and dominant through 1970 are largely in the process of disappearing in areas where LDAs are active. While much is happening, the human and physical capital needs have just begun to be touched. Rather than wait for the Central Government, villagers are now prepared to initiate action through the LDA forum according to the priorities they have set and within the responsibilities they perceive for their LDA (Chapter III, Section D). The effect of the LDAs on the social, political, and economic structure of the villages has been to awaken them to the potential for change. The LDAs have thereby introduced a means of channelling the Yemenis' reputed strong self-reliance. The decision to build roads and the actual construction thereafter of the LDA roads have brought the villages to the market place. The water supply projects have improved the standards of hygiene and quality of life. The cumulative effect of developments such as these has been to show the people the benefits of development. Perhaps the most unique feature of the movement in YAR is the fact that the villages are prepared to contribute the major part of the cost of uplifting their communities' well-being.

2.10 The economic impact has been significant. The development of rural infrastructure from a virtual level of zero to a bare minimum is important but perhaps even more significant is that the people have been impressed with their ability to participate directly in this development. The connection of villages to markets through rural roads, the improvement in availability of water, the provision of education should have an obvious economic benefit. Socially, the effect has been to introduce more leisure into village life and to add to the villagers' perception of social and economic mobility and potential. The availability of water and health devices also has beneficial effects on segments of the rural population such as mothers and infants. Politically, the LDAs appear to serve as an organized means for altering the village power structure. Villagers appear to have voted in the LDA elections for the "economic performers." The political effect of such a mandate would be either to stimulate the traditional political leaders into action in the economic sphere or to bring in a leadership that will perform in this sphere.

### III. RESPONSIBILITIES AND FUNCTIONS

#### A. Objectives and Focus of Activities

3.01 Under the by-laws, the stated objective of an LDA is "the development of the various service projects in all economic, social, cultural, agricultural, and health spheres, as well as other areas of public services." These may be accomplished in the following manner:

- (i) permitting the people to plan for their own development and initiating projects and programs which when necessary will generate prompt Government support (financial and technical);
- (ii) preparing the social and economical development plans which are vetted at the governorate level particularly to verify the realism of the budget;
- (iii) providing sound, democratic education for the citizens so that they may participate in running their communities; and
- (iv) coordinating with the various Government authorities in the preparation and execution of projects.

To date, however, the focus of LDA activities has been to build up the basic physical infrastructure within the LDA's respective territory (Chapter IV, Section A), and which the people do not expect the Government and/or a foreign donor to undertake in the foreseeable future.

3.02 The focus of an LDA's activities is determined mainly by the initiative of the people themselves who identify their needs, establish priorities based as much as possible on consensus, and communicate these through local leaders ultimately to the LDA board for the purpose of overall planning and assistance in project implementation at the LDA level. It follows from this that the LDA is a coordinating organization, an organizer of plan and project components rather than their initiator, a channel for gathering technical and financial project requirements rather than the cause of these itself. Thus, the combination of the Yemeni tradition of initiative and self-help together with the inability of the Central Government to reach the rural areas make it difficult to draw a definite line between the responsibilities of the Central Government in the field of national development and those of the LDAs. Fortunately, the Central Government realizes its own limitations and recognizes the strength of LDAs. Thus, the division of responsibilities between Government development projects and those of LDAs is the result of continuous dialogue mainly through the governorate coordinating councils and CYDA (see Section B below) rather than strict enforcement of legal definitions of technical line ministries' responsibilities.

## B. Organizational Structure

3.03 The Yemen Arab Republic is administratively divided into 11 governorates. Each governorate is divided into districts and there are 186 districts, with each being divided into subdistricts. These latter divisions are determined by geographical and/or tribal dimensions and each consists of a number of villages and hamlets.

3.04 As explained in paragraph 3.12, when the LDA movement started in 1963, a typical LDA was formed by a number of enlightened persons coming together. At the outset LDAs covered a governorate, a district or a subdistrict. In general, there is an LDA for each district with the subdistrict constituting the electoral unit where males elect their representatives to the general assembly of the LDA.<sup>1/</sup> Members of the general assembly elect a five-to-seven member LDA board which elects the officers (president, general secretary and treasurer). All elections are supervised by MYLSA and CYDA. Members of the LDA's general assembly and board has a three-year term. The general assembly meets at least once a year to approve the LDA annual report including the accounts. The board meets once a month to oversee the officers' work. At least one of these officers, usually the president or the general secretary, is a full-time employee of the LDA, who is released with full pay if employed by the Government.

3.05 The LDA presidents in a governorate make up the Governorate Coordinating Council (GCC). Each GCC elects a general secretary, assistant general secretary, and a director of finance. The Governor is the head of the GCC with day-to-day business being the responsibility of elected officers. CYDA's board is made up of the 11 general secretaries of the GCCs, 11 persons elected by the country's LDA presidents and nine non-voting deputy ministers appointed by the Government. The board elects CYDA's officers: president, secretary general, assistant secretary general and the heads of the six committees.<sup>2/</sup> So far, the President of the Republic has always been elected CYDA's president, but CYDA's work is carried out by the remaining officers. To ensure village participation in project implementation and financing, a Village Development Committee (VDC) is usually established. A VDC is comprised of five members, one being the community's representative to the general assembly and the remaining four are elected under the LDA's supervision. All LDA officials appear completely conversant with the LDA by-laws and the LDA convention decisions.

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<sup>1/</sup> Every 300-800 persons have one representative in the general assembly of the LDA. If the population of a particular community is more than 800, one representative is elected for each additional 500 people.

<sup>2/</sup> These committees are: LDAs Affairs, Planning, Finance and Administration, Information and Culture, Forestation and Productive Societies, and External Relations (See Annex II).

3.06 The organizational structure has evolved out of years of experience and has been approved and amended in the various LDA conventions. The Government respects and upholds the CYDA-LDA by-laws, and is committed to maintain LDAs as independent entities; more recently, it has enacted a law preventing ministers, deputy ministers, director generals and general managers of public enterprises from holding a seat on LDA boards. The result of the last election (December 1978) indicates a movement away from electing sheikhs, wealthy persons, and high-level Government employees towards any subdistrict resident who shows willingness to work for the community.

#### C. The Decision-Making Process

3.07 The policy decisions are made at the national level by the CYDA board and the LDA congress which meets at least once after the general elections every three years. The initiatives to be considered at the policy level can emanate from the LDA membership, from the CYDA bureaucracy, or from the Central Government ministries. The operational (project) decision-making varies from one LDA to another and depends also on the GCC and CYDA. Decision-making power rests with the LDA board at the district level. The involvement of the general assembly and the extent to which ideas and projects are elevated to the board level is an aspect that varies the greatest among the LDAs. What is important is that neither CYDA nor the GCC has an approving authority; they can only comment on plans and projects and cannot formulate or amend them. CYDA, however, exercises more influence to the extent that it has the power to allocate the funds collected by the Central Government while the GCC can hold back the Zakat from the LDA.

3.08 Generally, the decision-making process vis-a-vis projects functions as follows. Each year the LDAs draw up plans for projects. These plans usually follow the national objectives and priorities as outlined in the Five-Year Plan and normally reflect the expressed needs of the individual hamlets and villages represented by the LDA. Once approved by the GCC, the plans are forwarded to CYDA for scrutiny. As a rule, all LDA projects from a given GCC are submitted to CYDA annually. Once approved by CYDA, LDA funds at the Cooperative Bank are released for the project (See Section F below).

#### D. The Setting of Priorities

3.09 By and large, the LDAs' priorities are concentrated on the provision of basic infrastructure--access roads, water supply, school buildings, and health facilities. These priorities are established at the local village levels and reflect regional priorities and needs (i.e., in the Tihama, the coastal desert region, water and schools are of highest priority while in the southern uplands, roads demand the highest priority). In setting priorities at the village level, villagers apply criteria that reflect a striking sensitivity to the basic needs of the community. For example, in the process of determining which water supply project to consider building first, primary consideration was given to the degree of difficulty experienced by a community in obtaining water. Thus, communities with the most difficult access to a water source, as measured by the length of time women have to walk to that source, are usually given first priority.

3.10 Each village and subdistrict within the LDA territory has its own identified project needs and priorities. It is, therefore, the responsibility of the LDA board to gather these proposals simultaneously and determine an overall implementation plan that takes into consideration the availability of local resources, the extent and possible source of additional resources needed and the requirement for coordination among village plans and those of local and Central Governments (see Section E below). The most common problem that occurs at this stage is overlapping of projects and consequent waste of resources (i.e., school buildings in each village where one for a group of say three villages would have sufficed).

E. Planning and the Project Cycle

3.11 The basic philosophy that activity must be founded on the spirit of local initiative pervades the entire LDA project cycle. As explained above, this cycle starts with the planning process which begins with the perceived needs of the community as identified by the members of the community themselves at the level of the smallest unit--the village or hamlet. The needs of the community and a consensus on priorities and means of financing projects are usually arrived at through discussions among the male heads of the community's families, influenced by those who have travelled abroad and widened their experience of development possibilities. Once the priorities are set, the LDA would then be approached for assistance if community resources are not sufficient--as is usually the case. Many projects entail sizable investments and involve more than one village, which opened the way for more effective LDA involvement in providing the necessary supplemental capital, coordinating priorities among the various entities and assisting in projects' designs and implementation.

3.12 Initially, it was found that LDAs organized at the governorate level were of limited effectiveness--because they were too far removed from the process of project identification and generation to fully appreciate the concerns of villagers. This led to a consensus that LDAs should be organized at the district level, a consequence of which is an increase in LDAs effectiveness and the evolution of a new planning process that, in general, proceeds as follows:

- a. identification by communities of their needs and priorities as discussed with and expressed through the elected village representatives. These village project priorities constitute, in effect, the village plan of action;
- b. presentation of the various village plans to the LDA board to be submitted to the LDA general assembly for approval after coordination of these plans by the board;
- c. presentation (and subsequent approval) of the various LDA plans within a governorate to the GCC; and

- d. presentation (and subsequent approval) of the LDA plans at the national level to CYDA for coordination with the Five-Year Plan of the technical ministries and departments of the Central Government, and to ensure that the plans are feasible and within national resource constraints.

3.13 The planning process has been recently formally institutionalized by CYDA. In 1975 CYDA required the LDAs to formulate a Three-Year Plan, since elections of general assemblies and boards are held every three years; this later formed the basis of the LDAs' contribution to the country's Five-Year Plan, 1976/77-1980/81. A new Three-Year Plan was drawn up in February 1979 after the LDA convention of January 1979. The CYDA staff prepared and distributed forms which the LDAs were required to utilize in submitting their plans. CYDA's action was partly in response to growing problems of coordination among LDAs and between LDAs and central authorities (CYDA and ministries) that led in many instances to a waste of resources resulting from unnecessary duplication of efforts and projects or to uneconomic implementation of specific projects, for example, construction of school buildings which are overdesigned and underutilized. These forms also facilitated the work of LDA boards and officials in the preparation of their plans since most of these persons have less than middle school education. Moreover, CYDA's action was also partly a move to make its presence more greatly felt among LDAs, as their umbrella organization and in the national political setting as a force not to be ignored.

3.14 The organized planning system, which provided standardized forms, helped in introducing a more advanced method of planning for the LDAs, but, since CYDA required their completion in just one month, many plans were hurriedly done with a minimum of input from the people themselves. CYDA expects to allow more time for future plans.

3.15 The subsequent steps in the project cycle involve project implementation, monitoring and management. The most critical activity in project implementation includes the mobilization of necessary financial and technical resources. Most frequently LDAs hire contractors to execute their projects. A contractor may be selected from a small number of bidders and after the selection, project costs are determined and financial resources are then provided by the community with the possible participation of CYDA and the Government (see Section F below). The contractor may likewise provide technical expertise but usually LDA members either rely on their own traditional skills (e.g., their centuries-old knowledge of terracing applied to the construction of mountain roads) or seek technical assistance from CYDA or an appropriate Government ministry. Some LDAs rely on one of their members who may have had some technical skill (say masonry) or basic engineering know-how and who would function as a technical adviser to the LDA. For example, in the Ibb district LDA some technical expertise was provided by the LDA general secretary who was originally a mason; road construction was done mainly through the use of bulldozers rented for about YR1s 200 to 400 per hour, depending mainly on machine capacity, while engineering assistance was sought by the LDA and provided partly from the Ministry of Public Works and partly from the Ibb governorate.

3.16 The final steps in the LDA project cycle involve project monitoring, management and maintenance. As there is a severe skills shortage in YAR, monitoring is not of a professional nature. The basic element of project monitoring consists of the members' vigilance arising from their own keen interest in seeing to it that their project is accomplished within a reasonable period and that their contributions appear to be fairly matched by visible physical accomplishments. Financial monitoring is accomplished through rudimentary accounting systems where such exist in an LDA. Most LDAs have a treasurer as one of its officers and some employ an accountant among their small staff. Maintenance is perhaps the weakest link in the LDA project cycle and is virtually non-existent in many LDAs. The LDAs recognize this shortcoming and wish to develop their maintenance capability. However, at this point, it is understandable that the building of projects such as roads and water supply where none existed at all assumes greater urgency.

F. Financial Resources and the Flow of Funds

3.17 According to the CYDA-LDA by-laws and the subsequent circulars which were issued by CYDA management, an LDA project could be financed from the LDA budget, Central Government assistance supplied through CYDA or the technical ministries/departments, and beneficiaries' contributions. After a project has been identified by the village or subdistrict and subsequently approved by the LDA, GCC and CYDA, local contributions are usually collected by the VDC from the beneficiaries to finance the initial project activity (para. 3.23). The LDA management then inspects the work and, if approved, agrees to finance its share from the LDA budget. The appropriate line ministry/department is then petitioned, through the GCC and CYDA, to contribute its share towards the project (para. 3.22).

3.18 The distribution of responsibilities for project financing varies from one type of project to another according to established formulas agreed upon between CYDA, in its capacity as the LDAs representative, and the Central Government. However, in practice (Chapter IV, Section A(iii)), the LDAs and the beneficiaries seem to bear a far heavier percentage of the cost than outlined in the following cost-sharing guidelines:

TABLE III.1: DISTRIBUTION OF FINANCIAL RESPONSIBILITY FOR LDA PROJECTS

	<u>Percentage Contribution of</u>		
	<u>Beneficiaries</u>	<u>LDA</u>	<u>Central Government</u>
Water, project cost			
(a) up to YRls 200,000	50	25	25
(b) over YRls 200,000	10	10	80
Roads			
(a) 1-20 kms	50	50	-
(b) 20-30 kms	25	25	50
(c) 30 + kms	20	30	50
Schools (elementary)	33.3	33.3	33.3
Health	50	25	25

The LDA may allocate up to 90 percent of its budget for these basic infrastructure projects. The remaining 10 percent may be spent on: (i) agriculture societies (20 percent); (ii) handicraft societies (5 percent); (iii) electricity projects (20 percent); (iv) sports clubs (5 percent); (v) mosque upgrading (5 percent); (vi) gasoline stations (20 percent); (vii) LDA headquarters (20 percent); and (viii) forestation (5 percent).

3.19 LDA Budget. An LDA's revenue comes from a variety of sources comprising mainly (i) 75 percent of the Zakat collected in the LDA area; (ii) 2-1/2 percent of net customs duties channelled to LDAs through CYDA by the Central Government; (iii) membership fees at the rate of YR1 1 per voter per year and paid during election; (iv) foreign grants channelled through CYDA; (v) local contributions; (vi) 25 percent of municipality income; and (vii) where applicable, one percent of earnings from transportation and cinema tickets, YR1s 5 from each person travelling abroad and YR1 1 from those boarding a domestic flight.

3.20 Payment of the Zakat is one of the five major duties of practicing Muslims and until recently, has been the principal domestic source of the Central Government revenues in YAR. Zakat payable by individual families is estimated by the "amin" <sup>1/</sup> of the village and is payable to the director of finance in the district. Since the Zakat is primarily based on production, the amount collected in a given district corresponds directly to the conditions of agricultural production there. Consequently, the Zakat represents the major source of LDA incomes in the agriculturally rich districts, while poorer agricultural districts are more heavily dependent on other sources of revenue. Ten percent of the total Zakat in a village is awarded to the amin and those who assisted him in carrying out his work. Of the remainder, 75 percent is deposited in the nearest Yemen Bank branch for the LDA budget and 25 percent transferred to the Central Bank of Yemen for the Central Government. The LDA management can later use the funds to finance its projects upon approval of the GCC.

3.21 Other revenues include the 2-1/2 percent of net customs duties (an additional tax on imports) collected by the Central Government and then distributed among LDAs according to their population size and needs; in FY78, however, they were distributed equally among LDAs and each LDA received YR1s 53,000. Foreign grants are given to and administered through CYDA unless they are for a specific project. The tax on transport and cinemas are collected by the respective business entity and then deposited in the LDA account. Finally, there are the local contributions which are private donations to the LDA budgets, which in some districts include additional payments to the Zakat in the form of 10 percent of the Zakat collected by the Amin and deposited in the LDA account.

3.22 Central Government Assistance. Government assistance is usually provided through technical ministries/departments. The relatively large

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<sup>1/</sup> See Annex I on "Local Government Setting."

number of projects undertaken by LDAs throughout the country makes it difficult for the Government to meet its financial responsibility towards LDA project as outlined in the guidelines in para. 3.18. Consequently, LDA projects are frequently financed by the LDA and the beneficiaries. However, after a number of projects are implemented without Central Government contributions, the latter might be petitioned for a separate large project, such as the construction of high school for the subdistrict or a major road in the LDA area. Moreover, the Government sometimes fulfills its obligations by providing the petitioning LDA with construction/drilling equipment or even cash.

3.23 Beneficiaries Contributions. Individual contributions normally make up the largest part of the project costs (Chapter IV, Section A(iii)) and are usually collected by the VDCs before the project's initiation. These contributions are a prerequisite for LDA and Central Government contributions and are prime movers of LDA projects. Collection of funds is usually based on the financial capability of each person/family in the community. Generally family size is measured by the number of male adults or of working males, and may depend on income, land ownership, qat consumption, Zakat payments or volunteer work at the project site. In many cases, wealthy individuals in the village/subdistrict, a sheikh or a merchant, provide the largest part of monetary contributions while low-income inhabitants provide local labor and materials.

3.24 The LDAs Bank. The LDAs or the Cooperative Development Bank (CDB) was established in March 1979 with a capital of YRls 100 million of which the Government contribution would be YRls 60 million and that of CYDA YRls 40 million, each paid in three equal annual installments. The CDB's board comprises seven members: a chairman appointed by the President of the Republic, two of CYDA's officers, and a representative each of the Ministries of MYLSA, Finance, Economy and the Central Planning Organization. The board has already been appointed with CYDA's Secretary General as chairman and is presently hiring staff and establishing the CDB's lending policy.

3.25 The CDB aims at assisting the LDAs and cooperative societies in achieving their various objectives, particularly in economic and social development of rural Yemen. According to the decree establishing the CDB, the total loans granted to any one LDA may not exceed 50 percent of the average revenues of that LDA over the preceding three years or YRls 2 million whichever is smaller. Moreover, a loan may not exceed 50 percent of the total cost of any project and should be guaranteed by CYDA since the latter has the power over the LDAs' expenditure of their Zakat revenue (through the GCC) and on their receipt of the import duties and foreign grants. The LDAs and the cooperative societies are required to deposit their funds in CDB.

#### G. Powers, Responsibilities and Resources vs. Current and Future Objectives

3.26 To date, the powers, responsibilities, and resources have been sufficient to keep pace with the absorptive and implementing capacity to meet the current objectives of the LDAs. The demonstration effect of the work of the LDAs has been dramatic, but these accomplishments have two major effects on the call on resources. First, the call on human and technical resources is heightened by the complexities of the operating and maintenance

requirements. Second, the call on the financial resources is also heightened by the combination of the maintenance requirements and the continuing need for new investments to meet the still prevailing infrastructure gap.

3.27 The location of the human resources for assisting in the operation and maintenance of the completed projects and for assisting in the management of the current and future programs will be critical to the success of the LDAs. A stage has been reached where even small mistakes (for instance, a road failure) could reduce the momentum of development that an LDA has created. External technical assistance can clearly be useful. However, great care must be taken in the selection and supervision of the technical assistance to assure, to the greatest extent possible, that it is integrated into the prevailing spirit and policy of the LDAs: namely, emphasis on the principles of people's initiative, self-reliance, and decentralization.

3.28 The demonstration effect of new projects and the direct economic benefits have both increased the direct contributions and the Zakat revenues. Nonetheless, to meet the rural needs both the implementing capacity and financial resources should be of crucial concern, not only to every level of LDA activity and CYDA, but also to the Central Planning Organization in the setting of national priorities and the allocation of resources.

3.29 For the future there is a move towards diversifying the functions of LDAs into more directly productive and income-generating activities--this would enable the movement to continue to play a role after the basic infrastructure needs of rural areas have been met. For this, the by-laws should be carefully scrutinized to see that the means of achieving the new activities are clearly covered and specified since the by-laws of LDAs are intensively used as a guide to project planning and implementation.

3.30 In the diversification process, it will also be important to distinguish clearly the role of the LDAs from the role of the cooperative productive societies. Certain of the activities of the LDAs will necessitate their initiating these societies. Since the Yemen cooperative movement is in its incipient stages, and since the progress of the LDAs has been so rapid, one can readily understand by the allocation of responsibilities and the functions of each organizational mode have not yet been firmly decided. However, since CYDA is encouraging diversification, this is the time to make these organizational policy decisions.

#### H. Relations with the Central Government

3.31 The local development associations are communal organizations and not Government institutions. Their relations with the Central Government are consequently rather informal and usually arise from the initiative of the LDAs themselves, especially in seeking technical assistance. The only Government ministry that can be said to have any formal relations with LDAs is MYLSA. This Ministry is responsible for supervising LDA elections, administrative follow-up, and financial monitoring. 1/ The role of the Ministry in LDA

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1/ The discussion of administrative follow-up is in Section B above and of financial monitoring in Section I below.

affairs has to do mainly with the elections of the LDA general assembly and thereafter of the LDA board and officers when a ministry representative and a CYDA representative witness LDA elections to ensure that they are conducted in accordance with LDA by-laws. Provided the Ministry is satisfied with the legal conduct of the elections, it declares the elections valid and "legalizes" the LDA with appropriate documents and certificates. This is a prerequisite to any LDA election being accepted as legal. The ministry had in the past vetoed a number of elections which it considered illegal and these were held again.

3.32 The relations of an LDA with other Government ministries are a result either of (a) the initiative of the LDA itself in directly seeking technical assistance from an appropriate ministry, or (b) its relations with CYDA. In the first case for example, an LDA undertaking a project to build an access road may directly contact the Highway Authority, either through the Authority's representative at the governorate level or by going directly to the headquarters at Sana'a, to request assistance in the form of a technician to help in the road design and specifications or a Government-owned bulldozer that the LDA may wish to rent or borrow.

3.33 Most contacts of LDA with the Central Government, however, are channelled through CYDA, which is both a confederation of all LDAs and thereby their national spokesman and a coordinating body through which the Government exerts its influence. Thus CYDA enables the Central Government to acquire a more accurate perspective about the needs and demands of the people and to gauge the effectiveness of its own performance in responding to them.

#### I. Accountability

3.34 Formal responsibility for the accountability of the LDAs rests with the MYLSA and CYDA. Their staffing to accomplish these functions is inadequate and, as a result, their actual involvement in project or financial accountability is minimal. Financial monitoring of LDAs had consisted in the last three years of an audit committee composed of a representative from each of MYLSA, CYDA, the Ministry of Finance, and the Central Organization for Accounting and Audit. The committee is responsible for auditing LDAs whose activities over the past three years represented an outlay of at least YRls 10 million. Since there are 191 LDAs throughout the country, far more reliance is placed on the self-regulating nature of the LDA rather than on the formalized financial monitoring system of the Ministry. However, it is widely recognized even by the LDAs that there is need for strengthening of accounting, audit and financial monitoring systems of LDAs.

3.35 Thus, the financial and project accountability rests largely with the people at the local level. Since the people generally initiate project action either by financing a contract or by self-help, it is assumed that they will express their self-interest by monitoring the project activity. The Government contribution typically occurs only after work has actually commenced, or often, retroactively after the work is completed. To date, this tool appears on the whole to have worked. CYDA has the responsibility and authority for monitoring project and financial performance, but CYDA feels it is inadequately staffed to execute these functions adequately.

3.36 The general access of CYDA, the GCC, and the LDAs to the people is another major means of accountability. When malfeasance occurs, the people can--and do--go to the top and then action occurs.

3.37 Accountability, notwithstanding the above, is one of the weak links in the program. About 30 percent of the investments by LDA boards prior to the December 1978 elections have not yet had the accounts closed. The problems associated with this are recognized and the process for solving this is within the spirit of the LDAs and relies on maximum pressure from the people and from the governor. Legal action and the termination of Government contributions will be the final weapon, but CYDA hopes not to have to resort to these means.

3.38 How this outstanding accountability issue is handled and resolved is vital to the future integrity of the LDAs. It is clear that MYLSA and CYDA will need to establish a more formal monitoring mechanism. However, such a new system must capitalize on the informal system which has functioned quite adequately to date. The people have not only created a system of accountability through the elections but also by taking other steps when necessary. For instance, in many LDAs a local person, usually from the VDC, is in charge of collecting contributions towards a project and is asked to place his personal property up as collateral until the project is completed and funds are expended. Undoubtedly, the integrity of the program will require outside audits and outside technical assistance will be warranted.

#### IV. ACHIEVEMENTS, POTENTIAL AND CONSTRAINTS

4.01 The massive increase in the inflow of workers' remittances in the mid-1970s resulted in LDA activity gathering momentum. Migrants' experience of relatively modern living conditions abroad was also a contributing factor. Rural populations that benefitted from remittances and frequent visits from migrants abroad were no longer satisfied with existing conditions and were willing to use their newly acquired wealth to improve their living conditions. The communal efforts of the LDAs offered the ideal vehicle for them to terminate the physical isolation of their villages and to satisfy their basic human needs. While the stated objectives of LDAs are ambitious, their achievements to date are also impressive.

##### A. Achievements

4.02 The economic impact of LDA activity is remarkable. Villages which were hitherto virtually inaccessible to primary markets are now thirty to sixty minutes' reach of the markets because of access roads which have been built. Similarly, village water supply systems have reduced the burden on women and time lost from one to three hours to a few minutes. On the resource mobilization side, in one LDA in the Ibb district, new roads costing YRIs 1.5 million increased the LDA revenue from Zakat from YRIs 500,000 to YRIs 750,000 in three years, equivalent to a rise of 16 percent a year. Besides, in keeping with the self-reliant philosophy of the LDAs which dictates that beneficiaries contribute the major share of an LDA project (Section A (iii)), during FY77 and FY78 beneficiaries' share of the LDAs' projects costs amounted to about 67 percent. The benefits from road construction result in an even larger Zakat, and the construction of new water supply systems increases the time women can give to agricultural activities, which also yields higher Zakat. So far, however, as a result of the preoccupation of LDAs with infrastructure as against productive (income-earning) activities, a specific relationship between income and resource mobilization has not yet been established.

4.03 The potential increase in the resource base from diversification of LDA efforts into productive activities is nonetheless a potential benefit. The organizational structures, from the grass roots to the top and vice-versa, and the current high credibility of the LDAs, represent a potential for diversifying the present infrastructure thrust into other sectors: initially agriculture and agriculture-related activities, nutrition and health, and even small-scale industry. The utilization of LDA-CYDA structure not only minimizes the human resource constraints, but it would also build up the capability of the human resource base through new project activities. Herein lies the greatest potential value of the LDA movement to rural development in VAR.

4.04 The impact of LDAs on overall rural development has already been indeed significant. Progress to date has awakened the rural economy and has already materially changed the life in rural Yemen in areas with active LDAs. While the rural population hitherto lived in isolation and at a subsistence

level, the LDA movement has channelled their initiative into filling a significant but small percentage of Yemen's infrastructure needs. More can be achieved in the future if the spirit of the program remains intact and if the proper discipline, necessary at this point of the movement's evolution, is introduced.

(i) Infrastructure Projects

4.05 LDAs undertook their task with an enthusiasm which in turn increased with the number of completed projects. The LDA movement spread gradually since its inception in 1963 and from only 28 in 1973 grew to 191 by December 1978. The volume of work increased with the growth of LDA resources and covered a number of fields, generally concentrating on basic infrastructure as shown in the following table:

TABLE IV.1: LDA INFRASTRUCTURE ACHIEVEMENTS

<u>Projects</u>	<u>Projects Completed</u>	<u>Unit</u>	<u>By End FY1976</u>		<u>In FY1977-1978</u>	
			<u>Number</u>	<u>Cost (YR1s mil.)</u>	<u>Number</u>	<u>Cost (YR1s mil.)</u>
Roads		km	5567	134	6520	389
Water Supply		Projects	881	13	643	25
Schools		Projects	580	35	347	65
Clinics		Projects	46	2	30	4
Other		Projects	-	6	-	25
Total				<u>190</u>		<u>508</u>

Source: CYDA publications based on reports from 157 LDAs.

Since monitoring of project progress by CYDA started only recently, after CYDA was organized and started functioning, some omission and overlapping of reporting periods are possible, but the data still convey an estimate of physical achievements and the order of magnitude of expenditures by LDAs.

4.06 Project Design and Review. Although projects have so far been successful, by and large the process of project design is largely informal and thus there is a considerable potential for waste; this could be minimized in the short-term by an improved monitoring and feed-back system. In the medium-term, training and a formalization of procedures with manuals would be necessary to improving the design process. Project design is the responsibility of the LDA board, which is assisted by work supervisors that act as the LDA technical staff. Their in-house capacity to design roads, water supply schemes or buildings is practically nil. The LDAs receive some assistance from CYDA and the GCCs, and occasionally from the technical ministries and foreign aid programs. But this assistance is limited in scope. Indeed, the Planning Directorate at CYDA, which oversees all LDA projects nationwide, is headed by a civil engineer and, as of July 1979 it was staffed with one road engineer,

one hydrologist, both seconded from UNDP, seven road technicians and three mechanics. Clearly CYDA's technical staff is very small compared to the number of LDAs and their investments. Moreover, each GCC has no more than one technical officer with little capability reaching out to the LDAs; and expatriate experts are tied to their programs which are usually limited to certain areas. As a result, preparation of LDA projects is generally sketchy and poor.

4.07 The design of a road, for example, is usually limited to a map showing its location and general alignment prepared after a brief field reconnaissance by a technician from CYDA, GCC or the Highway Authority (HA). Road standards are not explicitly stated: roads are constructed to allow circulation of light four-wheel-drive vehicles and occasional medium-size trucks. Cost estimates are based on terrain characteristics, previous experience, and the method of construction--which is by equipment that either belongs to the LDA or is rented. Preparation of water supply projects, particularly tube-wells, required services of an experienced technician/hydrologist to locate the wells, distribution reservoirs and pipes, as well as to identify their dimensions and the size of pumps and pump engines. LDAs may obtain assistance from CYDA or Rural Water Supply Department (RWSD) of the Ministry of Public Works and from some expatriate experts. The digging of wells by hand, improvement of existing reservoirs and surface water intakes are carried out without preliminary design which is less than optimal.

4.08 The consequences of insufficient project preparation are poor quality of construction and waste of resources. Moreover, when the design is sketchy or non-existent, the cost estimates tend to be inaccurate, leading often to insufficient provision of funds budgeted for the project resulting in interruption of works.

4.09 Project Execution. Leaving aside the quality of project preparation, project execution by LDAs have been remarkable. To implement infrastructure projects, LDAs have recourse to contract work, force account (direct work), voluntary labor or mixed operations. Contractors are widely used for buildings (i.e., schools) and water supply projects, including deep wells, and roads. Contracts are awarded either on the basis of competitive offers or negotiated prices. LDAs sometimes supply the contractor with unskilled labor and local materials. LDAs occasionally hire privately-owned equipment, mainly bulldozers, for roads, using their own labor--often voluntarily donated by members. The Ibb district LDA at one time had hired 8 bulldozers, and in mid-1979 3 hired bulldozers were still working on the LDA roads.

4.10 The quality of contractors' work varies. Their works in or near big cities like Sana'a, Taiz or Hodeidah are usually of good quality, but they are not interested in working far from the cities. The quality of work of rural contractors is often poor and due to the lack of competition the contract prices are usually high. When LDAs delay payments because of financial difficulties, the contractors often stop the work. Also, occasionally contractors underprice the work and then abandon the LDA job if they secure a better contract elsewhere. In view of unclear legal procedures in relation to contracts, the LDAs find it difficult to seek or obtain redress in such cases.

4.11 Road Projects. Road construction accounted for about 77 percent of LDAs' expenditures in FYs 77-78, at an average cost of YRls 60,000 per km (Table IV.2). The demand for access roads is so great that LDAs place main emphasis on speed of construction of roads, which when necessary is traded-off against the quality of work. In a difficult mountainous rock terrain the most economic way of road construction is with the use of heavy bulldozers (D6, D7, and D8 size 150, 200 and 300 HP with the D7 renting at about YRls 400 per hour). The relatively high rentals, as well as the uncertain availability of hired equipment and the short construction time schedules, has compelled some LDAs to acquire a large fleet of road construction equipment, particularly bulldozers. Thus, LDAs have now in their possession about 100 bulldozers of D6 to D8 size, mostly Caterpillar and Komatsu, and some graders, loaders, trucks and compressors. The list of LDA-owned equipment by governorate compiled on the basis of information received from CYDA is shown in Table 5 of the Statistical Appendix, but according to the Minister of Public Works, LDAs' actual equipment holding may be higher.

4.12 LDA equipment has been either purchased from own or borrowed funds, or has been donated by the Government, sometimes under foreign aid programs. The trend to acquire more equipment continues. The cost of a 200 HP bulldozer with a ripper attachment is about YRls 450,000 or some \$100,000. The prevailing opinion within LDAs is that road construction with owned equipment is cheaper than with the use of hired equipment, and that increasing use of owned equipment would lower rent rates. They also consider that road construction equipment can be used later for agricultural activities, particularly by agricultural societies, and thus will provide LDAs with needed revenue. The economics of all this is not at all clear and a study of equipment use is required.

4.13 Besides the economics of ownership versus rental, the other problem facing LDAs in relation to equipment is inadequate maintenance and repairs to ensure machine utilization for its full economic life, which for earthmoving equipment is normally 10,000 hours of work. Presently nearly all equipment is of recent acquisition with most parts still under suppliers' warranty. Maintenance is assured by the operators, while repairs are carried out with the help of suppliers. However, there is growing concern about the increased requirement for repairs in the future. CYDA has organized a mobile workshop unit of three mechanics equipped with a workshop truck and trailer and is considering similar units at the GCC level. The proposal seems reasonable in view of the widely-scattered location of LDA equipment. The GCC units should be equipped with light workshop trucks with basic spare parts and capable of using LDA roads.

4.14 The LDAs have little capacity to supervise road construction adequately. Due to sketchy preliminary design, insufficient supervision and haste in construction, the LDA roads are generally rough tracks with steep gradients and sharp curves limiting the average speed to between 15 and 20 km per hour. There is an absence of adequate drainage structures, erosion protection and retaining walls which should be part of LDA project design. Considering the difficulties of terrain, the new roads are admirable, but

the poor quality of construction raises apprehension about cost of maintenance and the road's lifetime. In several cases erosion has already caused damage, and unless the necessary protection work is carried out promptly, the roads will become inoperative. Ideally, therefore, the LDAs should embark on a program of finishing works, including improvement of some grades, curves and road surfaces, provision of culverts, concrete and masonry erosion protection works and retaining walls to complete roadwork already undertaken involving sunk costs. The finishing works would require further expenditures for materials and labor as well as experienced technical services.

4.15 LDA officials are concerned about the state of roads, particularly the problem of maintenance. While they would like the HA to maintain these roads, they recognize that it is already engaged in other priority activities. Besides, HA is not equipped to take up maintenance of several thousand kilometers of new rural roads built by LDAs and apparently not eager to maintain roads not built by HA, and therefore the maintenance issue remains a top priority for CYDA-LDA consideration.

4.16 Water Supply Projects. A priority item, along with access roads, in the LDA infrastructure programs is adequate supply of drinking water in rural areas. The LDA water projects consist either of improvement of existing surface water sources or construction of a supply system based on wells. Improvement of existing water sources includes one or more of the following works: damming of streams, construction of a spring intake, pump installation, gravity piping, improvement or construction of reservoirs, installation of taps and water troughs. Reservoirs are either of masonry or reinforced concrete, and usually hold about 24 hours' supply estimated at about 50 liters per person per day. The cost of such improvement projects is moderate, from about YRls 10,000 upwards, depending on the population size and the type of work. Details on well drilling by LDAs are given in Table 3 of the Statistical Appendix. In order to minimize the risk of dry wells, the location of tube wells ought to be done by an experienced hydrologist, but this is not always the case. Furthermore, when the tube wells are usually in the valleys while villages are on the hills, intermediary pumping stations and appropriate piping need to be properly designed.

4.17 Several externally-assisted projects in YAR have included rural water supply based on tube wells. The USAID assisted project of 1973 provided for the construction of a number of wells with the use of 6 drilling rigs which, on the project completion in 1976, were handed over to RWSD. The two IDA-financed Southern Uplands projects in Ibb and Taiz governorates provided for drilling of wells. There are also water components in IDA-financed agricultural projects in the Tihama. Several other well drilling projects are in progress or in preparation under UK, Netherlands, West Germany, Iraq, Saudi Arabia and Japan financing. A new USAID project with a large water component is scheduled to start shortly in the Hajjah and Hodeidah (north) governorates. UNICEF has a long-term program of supplying pipes, pumps and fittings in support of the Government water projects.

4.18 Besides the externally-financed village water supply programs, the RWSD, which was established in 1975 at the Ministry of Public Works, with the use of drilling rigs obtained from USAID accounts annually for about 25 tube wells under the Five-Year Development Plan. It is RWSD policy to carry out the projects in cooperation with the LDAs whereby local people supply unskilled labor, stone and aggregates. The conditions of RWSD participation are that the water will not be used for irrigation, and that operation and maintenance of the completed projects will be a local responsibility. RWSD also holds an annual training course of four weeks' duration for pump operators.

4.19 Notwithstanding various water supply programs mentioned above, the demand for tube wells in rural areas exceeds the supply. Several LDA programs include tube well drilling projects. Some of this work is carried out by contract, but LDAs find the cost too high for their financial resources. Although the cost of drilling rigs is also high, LDAs with a large tube well program consider that owning and operating of drilling equipment is more advantageous than contract construction. According to CYDA there are 3 rigs in the governorate of Sana'a, one in Taiz and 4 in Dhamar (Table 5 of the Statistical Appendix). While no data on output were available, CYDA and some LDA officials believe substantial savings were achieved in tubewell construction as a result of ownership of rigs. Other LDAs therefore now wish to acquire drilling equipment. Given this situation, it is important that the entire water supply sector, including irrigation, be reviewed to assess demand and supply, and ensure adequate coordination, and that projects be considered, inter alia, on the basis of availability of skilled manpower required for operation.

4.20 Education Projects. The primary education infrastructure in YAR is still in its early stages of development. In rural areas, only one out of five children in age group 6 to 11 is enrolled in school. The problem is aggravated by the scarcity of teachers, which resulted in many unutilized school buildings. Moreover, education ranks third in the priority list of LDAs after roads and water, except in the Tihama where it is higher. This ranking is mainly a consequence of the teacher shortage. Expenditures by LDAs on school construction, however, held a second place during FYs 77-78 in YAR (YRIs 65 million spend on schools compared to YRIs 25 million on water projects, see Table IV.1). Available data indicate that the average cost is a consequence of the generally inflated construction costs in YAR and the type of contractors that such LDA projects attract. Since the cost of a school building is equally shared between the beneficiaries, the LDA and the Central Government, and the latter's wish to inspect the work before providing their contributions, there is frequent work stoppage and as a result only poorly-qualified contractors undertake the construction work. All this leads to both high costs and low quality work. Moreover, these contractors do not follow the Ministry of Education's designs for schools. In response to this, in many instances the beneficiaries themselves now contribute the whole cost rather than wait for LDA and Government contributions.

4.21 CYDA and the Ministry of Education have agreed that the LDAs will only build primary schools. The LDA board usually allots a school to cover a few villages and hamlets. The number of working schools, however, is still small and about half of the students in the countryside are more than an hour's walk

from any school. Some schools are only open one day a week. Rural inhabitants are, nonetheless, interested in increasing educational facilities and through the LDAs, provide transportation for teachers who usually reside in nearby cities; some LDA education projects also include housing and salary supplements for teachers as well as students' hostels. The supply of teachers and provision of these facilities are done in coordination with the Ministry of Education. However, there are still large gaps that remain to be filled to meet the educational requirements of rural areas in YAR.

4.22 Other Projects. In the health sector LDA projects include clinics and housing for medical staff with a supply of water and electricity, and staff salary supplements. Other projects are electricity supply (mainly in towns), afforestation, civic and sports centers, and repairs of mosques. As for electric supply, the rural population relies mainly on privately-owned generator sets. There is an easy supply of small generators (mostly Deutz, Yamaha and Honda) at a relatively low price; they are a common sight in rural Yemen.

(ii) Productive Activities

4.23 Although the basic infrastructure projects could continue to dominate LDA activities for some time to come, the LDA congress, held in Sana'a in January 1979, demonstrated that the people and the LDA officials are anxious for the LDA movement to encompass a wider range of activities that would lead to raising incomes as well. There is a growing realization of the enhanced potential for increased productivity, particularly in agriculture, and the capacity to avail of credit and more modern tools of production through the collective efforts of the community. Consequently, the formation of cooperative societies is now being considered as an important tool in the diversification process.

4.24 The few cooperatives which exist in YAR at present arose from the initiative of the people themselves who determined that the pooling of their resources would be an effective means of satisfying individual needs--for instance, high productivity and consequently higher income from agriculture through the use of coop-owned and operated tractors. The catalyst for this cooperative movement has been provided in many cases by migrants who return to their villages and introduce ideas they have learned abroad. In some instances, such as the Lawiya Agricultural Society in the Tihama which the mission visited, the idea originated from expatriate UN experts--in this case, an Egyptian and a Tunisian--who came to the area and convinced the people about the wisdom of organizing a cooperative. The villagers then sought the legal sanction of the Ministry of Agriculture and CYDA and when that was secured, a cooperative was organized at the governorate level. As with the early LDAs, the cooperatives failed since the base of operations was too large. They only began to succeed when they were organized at the sub-district or village level. The LDAs' involvement with cooperative societies so far has only been rather minimal; they have assisted some cooperatives in building roads and irrigation dikes.

4.25 The perception of LDAs as providers of basic infrastructure has acted to limit their role in productive cooperative societies so far. This

role, however, is likely to expand, firstly as a natural result of the LDAs' intrinsic responsiveness to the needs of the people and secondly, as a consequence of the people's realization of the potential of the LDA-CYDA structure as an effective channel for communications, particularly with local governments and the Central Government. Already, as in the case with Lawiya Agricultural Cooperative Society, board members of these societies are getting elected to the LDA boards themselves thereby increasing LDA involvement in productive societies. LDAs are increasingly looked upon as fulfilling a central role for cooperative societies in a similar manner as a second or third tier cooperative. At this level, the LDA could more effectively provide a channel for technical assistance and training, credit, a pool of equipment such as small bulldozers or drilling rigs, even ultimately a central food storage and wholesale distribution operation.

4.26 However, at its present formative stage, the cooperatives need to be developed further. The history of cooperatives worldwide shows that a major danger to cooperatives is poor management and loose financial control. If the cooperatives are to succeed in YAR, the LDAs and CYDA should bring their influence to bear on the community in promoting the formation of cooperatives by rapidly developing the capability to provide technical assistance in the proper formation of cooperatives and training of their officers and staff in sound management and financial practices. This does not imply a massive influx of expatriates as the mission's impressions of LDA-CYDA officials indicated that there was sufficient appreciation and experience of the problems of cooperative development. What is needed is to turn these into a policy framework as well as an administrative machinery for effective and sound guidance to the movement. The LDAs and CYDA could, as initial steps, adapt stricter guidelines in issuing guarantees to cooperative loans by stressing the need for good management as a condition for such assistance. Obviously, many other steps also need to be taken even at the LDA-CYDA level to make the movement truly successful. What is important to note is that the same elements of local initiative and self-reliance that are basic to the LDA movement are also to be found in the cooperative movement. The participation of LDA-CYDA is inevitable as the people begin to expand their perception of development needs from infrastructure to productive activity and consequently expand the sphere of activity of their LDAs. Since the cooperative movement is relatively new, their participation should be crucial in charting the future path of the movement.

#### (iii) Financing of Projects

4.27 Available data on the reported LDA projects in YAR during FYs 77-78 indicate that total expenditures on these projects amounted to YRls 508 million, compared to YRls 190 million spent on reported LDA projects prior to FY77 (Tables 2 and 3 of the Statistical Appendix). This also compares, for the same period, with the Central Government's development expenditures of YRls 1741 million, of which YRls 873 million came from the Government budget and YRls 868 million from external sources. Moreover, the data indicate that only YRls 145 million in FYs 77-78 came from the LDA budgets and over 95 percent of the remaining expenditures from beneficiaries contributions.

4.28 This substantial rise in LDA projects expenditures is primarily a result of the increase in beneficiaries contributions which is a consequence of the enormous inflow of workers' remittances that started in the mid-1970s. Most migrants (about 800,000 in 1979) come from the rural areas and a significant part of their earnings is remitted to their families in the villages. Moreover, the continuous improvement in the marketing conditions in YAR, resulting primarily from the construction of roads and the availability of cash, made it possible for farmers to sell their surplus production and earn income from their cash crops and for a new class of shopkeepers to be established in the villages of Yemen. Thus, rural Yemen became rich with cash holdings permitting villagers to contribute significantly to infrastructure projects benefitting their villages and sub-districts, thus enabling LDAs to convert some of the rural cash holdings into genuine development.

4.29 The data on LDA projects indicate that most LDA activities took place in the three governorates of Sana'a, Ibb and Taiz. About 60 percent of total expenditures (YRls 305 million) on LDA projects in YAR during FYs 77-78 were spent in these three governorates on 50 percent of feeder roads constructed in the country during that period; 59 percent of water projects; 59 percent of school projects; 40 percent of health projects; and 37 percent of the various other projects (Table 3 of Statistical Appendix). The LDAs' own budgets in the three governorates contributed 26 percent (YRls 79 million) of the costs of all projects while the beneficiaries contributed almost all of the remaining YRls 225 million. Other relatively active LDAs were in the governorates of Dhamar and Hajjah with each group spending about YRls 50 million on various projects in FYs 77-78. Available information on migrants indicate that there is strong positive correlation between the number of the migrants in one governorate and the beneficiaries' contributions to LDA projects in the same governorate.

4.30 The total amount of LDA expenditures is also dependent on road construction which is capital-intensive: whereas YRls 389 million (77 percent of total LDA projects costs) were spent on roads, only YRls 25 million, YRls 65 million and YRls 4 million were spent on water, schools and health projects, respectively. This phenomenon reflects, to a large extent, the beneficiaries' priorities, and thus their preference for road projects as well as the high cost of road construction in the mountainous governorates of Yemen. The phenomenon also explains the low total expenditures of the largely desert governorates such as Hodeidah, where total expenditures in FYs 77-78 amounted to only YRls 19.4 million, and where access roads are not a major problem (only YRls 1.2 million were spent on road construction in Hodeidah, Table 3 of Statistical Appendix).

TABLE IV.2: FINANCES OF LDAs IN MAJOR GOVERNORATES  
(FYs 77-78; YRls million)

	<u>Total</u> <u>Expenditures</u>	<u>Expenditures</u> <u>on Roads</u>	<u>Expenditures</u> <u>from LDA Budgets</u>
Sana'a	113	75	34
Ibb	105	88	25
Taiz	87	72	21
Dhamar	51	40	14
Hajjah	50	41	20
Sub-total	<u>406</u>	<u>316</u>	<u>114</u>
TOTAL	<u>508</u>	<u>389</u>	<u>145</u>

4.31 Some LDAs used other than actual revenues for financing their projects. In some areas where there is a seasonal surplus of construction equipment, LDAs hired such equipment on credit. One LDA, for example, the Ibb district, has accrued YRls 800,000 of debt to owners of construction equipment. Owners of equipment preferred employment and later payments rather than leaving their equipment idle. The prevalence of such deficit financing is probably not great since very few areas have surplus equipment for lease.

B. Potentials and Constraints

(i) Institutional

4.32 The organizational capability in terms of participation and the mobilization of people is in place today in YAR for a broad and successful rural development effort. In the context of rural development what is rhetoric in most countries appears to be reality in the YAR. The LDAs represent a truly bottom-up, self-reliant and decentralized mechanism for filling basic rural infrastructure needs in particular. This mechanism flourishes on account of the nature of the Government and administrative process of the YAR which relies to a large extent, on decentralized responsibility and authority at every level--from the Central Government, to the governorate, to the district and down to the village. This reliance has grown into an increasing interdependence between the Central Government, CYDA and the LDAs, reflecting on the Government's part, a realistic assessment of both the impossibility of its trying to be responsible for all development projects in all of the country and the political importance of not being a party to the development efforts of the people for their own benefit.

4.33 LDAs are largely financially self-reliant and responsible and realize that initiation, implementation, operation and maintenance of projects must come from below; the Government is aware of this. In these circumstances the Government of YAR should be able to catalyze development in practically any sector so long as it is acceptable to the people. Provided the requisite technical support is available, development should take place effectively and efficiently.

4.34 Making a judgment on the administrative capability and potential, however, is extremely difficult. The administrative system to date has been structured to put a minimum burden on "administration" as such and the cost-effective accomplishments of the program remain the best accurate index of administrative capability and accomplishments. In forming a judgment on the LDAs' administrative capability, the accomplishments to date must be kept in the forefront because by conventional criteria the administrative system (particularly the staffing) would be categorized as weak and inadequate. But as with many aspects of the YAR economic scene--for example, historically the intensive use of land through terracing and of late the cutting of roads--conventional criteria appear to be less applicable than in many countries.

4.35 Accordingly, on the administrative side, it is extremely difficult "to argue with success." On the other hand, at this juncture of the program, a systematic review of the administrative mechanism based on conventional criteria would be useful and enable the Government to assess which are the weak links in need of support from the CYDA down to local levels.

4.36 The organizational and administrative constraints must be also viewed both in the context of the accomplishments to date and the expanded role the LDAs should play in the future. First, some election results have been contested and no transfer of authority has yet taken place; consequently, these LDAs are not active. The second relates to planning. Although the process is followed in most cases, exceptions occur at the first two steps when a village plan or even an LDA plan is sometimes prepared with a minimum of input from the people themselves. This happened especially during the preparation of the latest Three-Year Plan (1979-1981) when LDAs were given only one month to submit their plans to speed up the commencement of work of the newly elected boards and to enable the plan to coincide with the boards' three-year term. This may also happen because of undue influence of a single individual or group in the LDA board. The third issue is not limited to the LDAs and CYDA, but pervasive throughout the country: the unavailability of adequate staff at CYDA to monitor the work, audit the accounts and train the staff of LDAs.

4.37 In addition, there exists a very real potential constraint. This interdependence among the Central Government, CYDA and the LDAs is a delicate matter not without its pitfalls. Concrete accomplishments have established the crucial element of credibility to the LDA concept, and the people have generally shown through the electoral process that performance represents to them the necessary condition for holding office in the LDA. However, at this critical juncture in the development of the LDAs, while the elements required for continued success are present, some elements could also jeopardise the

movement. For instance, both the establishment of CYDA and the increasing participation of a growing Central Government, which are recent phenomena in YAR, carry within new elements of added support but also threaten the LDA movement as it now exists. It is conceivable that some Government actions--for example, Government's or foreign donors' promises to undertake LDA projects and the general tendency for centralizing and overbureaucratizing--will weaken the unique, self-reliant and market orientation of both the people and the Government of YAR. Inaction by LDAs or CYDA in the areas of maintenance and staffing of completed facilities, training of their officials, deterioration in the management and accountability of LDAs should also be avoided to ensure continued success of the movement.

4.38 Thus it is important to ensure that any actions by the Government or donors should not stifle or weaken the current institutional basis of self-reliance, decentralization and credibility. The LDA institutional setting provides a fertile basis for new initiatives to continue and accelerate the pace of development in YAR with due regard to factors such as the prevailing manpower constraints, the productive potential of women, the need to increase production, productivity, income and distribution.

4.39 The LDA program has operated successfully in spite of the constraints, which have not changed materially since the inception of the program. However, without impairing the spirit of the program, consideration should be given to the introduction of simple monitoring and evaluation tools which would give the policymakers and the managers a prompter and more definite, if not more accurate, picture of the program's implementation.

(ii) Technical

4.40 The LDAs technical capability to design, implement and supervise infrastructure projects is very weak because of the lack of qualified technical personnel. The volume of work undertaken by LDAs is out of proportion to their available technical staff. Some LDAs employ work supervisors who may be masons or ex-contractors, but are not capable of designing road or water supply schemes. Moreover, the GCCs and CYDA technical staff is very limited. They render some technical assistance to the LDAs, particularly in the preparation of documents for projects requiring Central Government participation, but do not inspect the execution of work. As a result, roads, water supply schemes and buildings are mostly being built without adequate technical design and supervision, often resulting in waste of materials, low quality, and subsequently costly maintenance requirements.

4.41 Nonetheless, the LDAs need and are capable of undertaking the same type of work as before with some external assistance. The new Three-Year Program, 1979-81, calls for the construction of 23,889 km of access roads; 3,381 water supply schemes; 7,956 school classes; 415 health centers; and 463 miscellaneous projects at a total cost of YRls 3.2 billion. Though the new program is rather ambitious and is unlikely to be fully implemented, it indicates the magnitude of infrastructure needs in the country.

4.42 The main technical constraint to implementing LDA infrastructure projects is the shortage of technicians and skilled labor. A further

constraint stems from the limited means of project execution. Rural contractors are few, competition is limited, rates are high. Their reliability is low and quality of work generally poor. LDAs carry out many of the infrastructure projects using own equipment and voluntary or hired labor. Considerable funds are tied up in equipment. Available labor is unskilled or semiskilled. LDAs equipment maintenance and repair facilities are not adequate. Repairs by private individuals are costly and not always reliable. The consequences of the lack of maintenance and repair facilities are yet to be seen because most equipment and facilities are new.

4.43 It is, therefore, essential that the technical capabilities of the CYDA-LDA setup be improved. Adequate technical services are indispensable to ensure that completed projects would provide service during their lifetime and could be maintained economically. The input of technical services in infrastructure projects should normally represent about 8 percent of the total project cost, while in the LDA projects such input is usually minimal and often nil. To remedy this situation, the technical staff of the CYDA-LDA setup should be increased by employing expatriates in the short-run, if local technicians are not available, and by intensive training programs in the medium- and long-runs. CYDA has already started a training program which is still in its early stages and needs considerable external assistance to make it an effective program and to coordinate it with the overall educational and training programs of the country.

4.44 Moreover, if the LDAs are to implement their Three-Year Program, they need to have a considerable number of construction and other equipment at their disposal. The available data on existing equipment presently owned by LDAs are not sufficient to determine whether the purchase of additional equipment can be economically justified. Thus a cost-benefit study is required for deciding whether the additional equipment should be owned by the LDAs, CYDA or GCCs. In any case, the development of mobile and fixed maintenance workshops by CYDA and GCCs is of great importance if existing and forthcoming equipment are to be utilized for their full economic lifetime.

(iii) Financial

4.45 Rural Yemen is rich with cash holdings. Most migrants come from the rural areas and a significant part of their earnings is remitted to their families in the villages. Moreover, the improvement in marketing conditions in Yemen now permits farmers to earn income from their cash crops as well. This availability of funds has permitted villagers to contribute significantly to LDA infrastructure projects benefitting their villages or subdistricts. The willingness to continue such contributions is increasing as people realize the immediate benefits from having the basic services, particularly water and roads. The present formula of cost-sharing has been successful in mobilizing a reasonable amount of local resources, and should be continued. The provision of further funds combined with appropriate technical assistance should allow even more projects to be undertaken, thus enabling basic infrastructure needs to quickly reach every village and hamlet in the Yemen Arab Republic.

(iv) Technical Ministries

4.46 Despite the Central Government's commitment to help the LDAs achieve their goals in building the rural infrastructure, the LDAs's efforts are hindered by the inability of the technical ministries to provide them with adequate support. For example, CYDA has recently requested the LDAs to divert their resources away from the building of schools and health clinics, because the technical ministries lack the resources to provide sufficient number of teachers and medical staff; access roads could also be substantially improved and the number of dry wells reduced, if the Central Government's respective agencies can provide the needed assistance to the LDAs. At this stage of YAR's development, however, it is inconceivable to expect the technical ministries to provide sufficient assistance to satisfy the increasing needs of the LDA movement.

## V. RECOMMENDATIONS

5.01 The LDAs aim to continue their involvement in building the basic infrastructure in rural Yemen. They also realize their potential role in productive activities, particularly agriculture, and are willing to move into these areas. Their request for assistance is concentrated for the present on matters relating to their primary objective of providing basic services in rural areas. The requests included technical assistance, equipment for road construction and well drilling and the staffing of schools and health clinics. The mission's recommendations for assistance to LDAs in their continuing efforts to uplift the quality of life in rural areas are set forth below.

### A. General Policy

5.02 More of the Same. The CYDA-LDA administrative and organizational mechanism should continue to do more of the same based on the principles of initiative from below and delegation from above which should be made the key elements of rural development policy. The Government should recognize that they presently do have a unique institutional setting and regard with great caution any tendencies to centralize or bureaucratize the movement.

5.03 However, an improvement in the quality of the work, as well as a speed-up in the pace of building rural infrastructure, will require additional assistance from the government, perhaps with the participation of foreign donors. First, technical assistance is needed to improve the CYDA-LDA organization by providing advisory services in administration, construction, operation, maintenance, and in implementing the LDAs work as well as training of CYDA-LDA staff. Second, consideration should be given for the financing of a pool of equipment which LDAs could rent to carry out sub-projects, together with maintenance facilities, mobile workshops, etc. Third, a line of credit to finance appropriate sub-projects, since the adoption of higher technical standards than currently used may make LDA sub-projects initially more expensive; the Cooperative Development Bank may be an appropriate channel for such funds.

5.04 Rural Development Policy Paper. To strengthen the impact of foreign aid and better coordinate assistance provided by numerous foreign donors, the Government could formally articulate its institutional philosophy and formulate rural development policy that declares that the CYDA-LDA mechanism as the principal medium for development aimed at perpetuating the system as it now exists. Such a document would provide aid donors a guideline to help design externally assisted projects and programs. At present, foreign aid donors are operating without such guidelines and, for instance, many apparently sound recommendations made in conventional sectors are inconsistent with the present CYDA-LDA setup.

5.05 As the Government builds up its institutional capacity and its line agencies, it could structure its delegation of authority and responsibility, its management reporting system, its relationship with the people and their representatives in such a way as to operate in close consonance with CYDA and the LDAs at least in matters of rural development.

## B. Institutional Measures

5.06 LDA by-laws. The LDA by-laws could be specifically amended to reflect any change in the thrust of the LDA movement since they are heavily relied upon. They represent the formal guidelines and they serve much more than a legal function. Since they have served so effectively to date, they could continue to be employed as the key formal conduit of direction and communication.

5.07 Administrative review of the LDAs. An administrative review of the LDAs is necessary. This review could study the economics and ingenuity that have been employed to date. It could also study what a realistic administrative aspiration might be, given Yemen's manpower constraints, and it could place heavy emphasis on suitable management reporting techniques, which could serve as an effective means of overcoming and to the extent possible avoiding manpower constraints.

5.08 Manpower Constraints. Institutionally and technically the Government must confront directly the existing and relatively long-term manpower constraints, skilled and unskilled. These constraints can be minimized by relieving the demand, optimizing the utilization of existing capacity, and increasing the supply. The demand on existing manpower can be reduced for instance in the health field by concentration on preventive medicine and by effective health education. The media, television and radio, could be the conduit, and the LDAs could be the sponsors and monitors and evaluators of such programming. Similarly, both the demand can be reduced and the utilization of existing capacity optimized, by the use of the media for non-formal education and agricultural extension. Increasing the viewing hours and, if it is culturally acceptable, into the period of qat sessions (a captive prime time audience), would give the Government the opportunity of conveying its message.

5.09 The supply of unskilled manpower can be increased by recognizing and dealing with the women's role in the economy. Within the cultural context of the nation, efforts could be made to increase the women's productivity. As for skilled manpower, CYDA has already started a training program (administrative and technical), which is still in its beginning and needs significant input to become effective.

## C. Future Directions

5.10 Productive Cooperatives. In the future, it is anticipated that productive cooperatives will play a major role. Yet, until now, the cooperative movement in Yemen has not been particularly successful or taken off. Accordingly, it is recommended that a pragmatic evaluation of the role of cooperatives be made. This should include recommendations on the structure of the cooperatives, the requisite discipline, and the potential catalysts for awakening this institution. In reacting to such an evaluation the Government must take care to see that there is a fruitful interplay between the LDAs and the cooperatives, and that the functional responsibilities of each of these institutions are distinctly demarcated.

5.11 Pre-Investment Studies. In awakening the cooperative movement, in mobilizing capital, and in promoting sound investments the Government could serve a valuable function by assembling a portfolio of projects, which the LDAs, the cooperatives, or even individuals could take up. There appear to be viable investment opportunities in the rural areas and there appears to be an institutional constraint to be overcome. In the above context the Government (or any of the specialized banks) could also serve a valuable function by monitoring the performance of small investments to avoid over-capacity. With a relatively poor and naive investment community there is a tendency to fads (for instance, small generators), and if these fad investments go sour they will waste capital and discourage future investment.

5.12 In sum, the Government recognizes that the LDAs are indeed a viable and valuable organizational building block. The Government intends to expand the role of the LDAs. In this expansion process the Government must strive to maintain the credibility of the LDAs by operating and maintaining past projects, by continuing to allow the initiative to come from the bottom, by providing the correct policy setting for the new directions, and by monitoring and evaluating progress and adjusting the policies, projects, and programs accordingly.

## LOCAL GOVERNMENT SETTING

### Village Level

1. Each extended family in the village (qaryah) is represented in local activities by its most respected member. At the village level, these members (who are generally related within the larger tribal groupings) are collectively referred to as the thuqat, i.e., the authorities. In the past they were responsible for the selection of two individuals: the aqil (known in some other areas as the adil), who must have extensive knowledge of urf (tribal law) and has a reputation for good character and wisdom.

2. The other person is the amin with this being held by the same person or another elected by the thuqat. Unlike the aqil, whose job is essentially honorary, the amin receives a salary consisting of ten percent of Zakat collections, and payment for the authorization of documents. He must be confirmed in his office by the hakim (religious judge) at the district level. Only individuals who are considered enlightened are eligible for the position, which implies that the person filling this role is not necessarily from the village. The amin's functions are: (i) keeping records of taxes collected; (ii) representing the interests of the village to higher levels of government; and (iii) organizing all collective efforts undertaken by the village.

### Subdistrict Level

3. A number of villages in the same natural geographic area constitute a subdistrict (ouzlah). An ouzlah is usually the general area associated with a particular tribal grouping rather than an artificially created and demarcated administrative unit. In fact, the Government defines an ouzlah as "a set of villages whose major inhabitants belong to one tribe headed by a sheikh." The sheikh and the chosen representatives of the qaryahs in the ouzlah arbitrate over conflicts in the area, and the ouzlah in any dealings with other ouzlahs. This council, which is the highest organ of self-government at the local level, consists of the aqils, amins, and thuqats from the constituent villages.

### District Level

4. The district (nahiya) is a government administrative unit composed of varying numbers of ouzlahs, depending upon their area. But for some exceptions, it represents the lowest level of Central Government authority. The mudir al-nahiya, director of the district, who represents the Central Government, is appointed by the President of the Republic upon the recommendation of the Bureau of Governorates Affairs. A graduate of an Islamic institution of higher learning (in Yemen), he is responsible for law and order and for overseeing the government work in the nahiya. The hakim, the religious judge appointed by the Ministry of Justice, is responsible for rendering judgments in those instances which cannot be handled at the village or ouzlah levels,

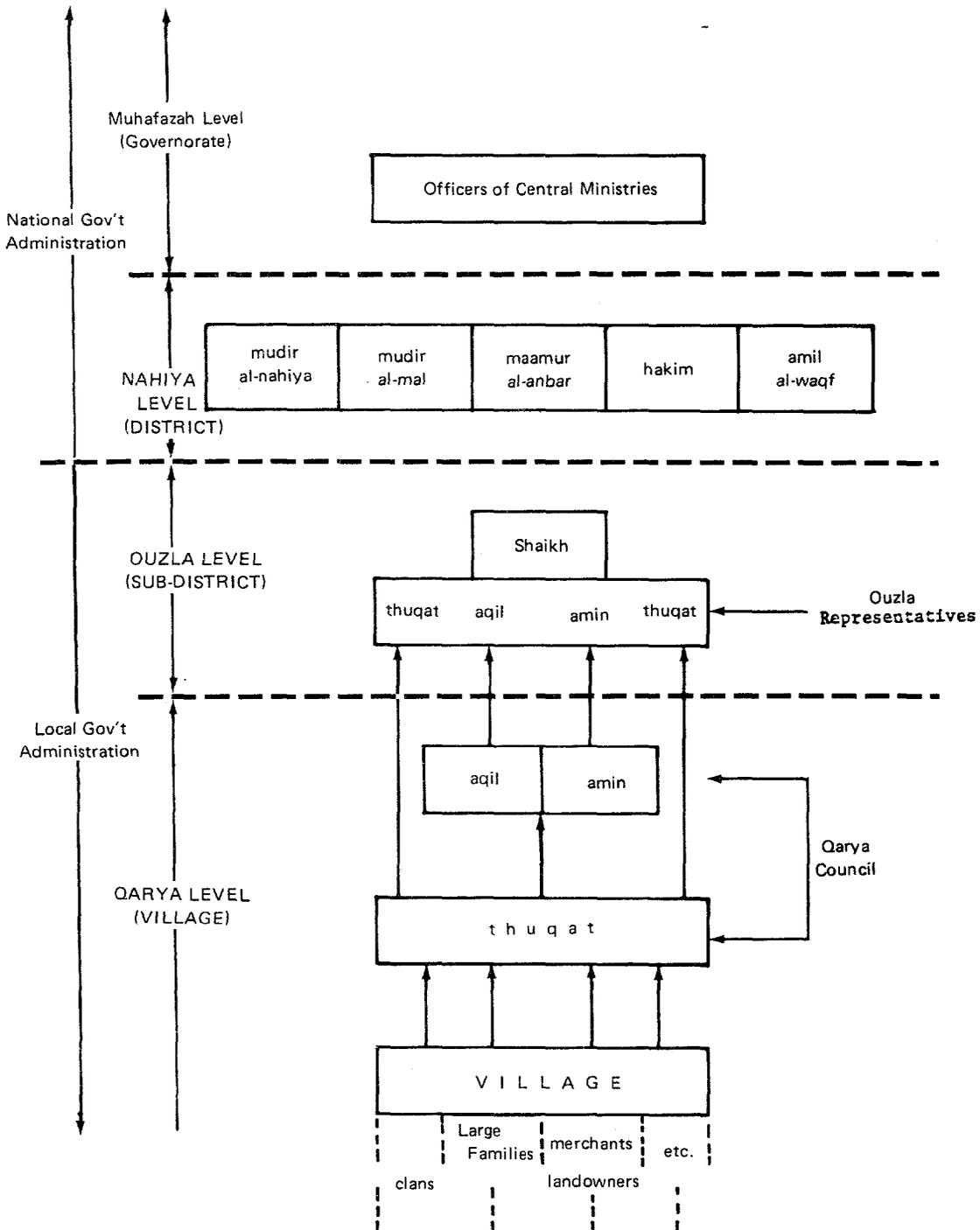
as well as disputes between villages. The mudir al-mal, director of finance and appointed by the Ministry of Finance, is responsible for the administration of whatever land taxes are collected in the nahiya. He works closely with the ma'mur al-anbar, the overseer and administrator of taxes collect in kind (the latter is responsible for the depots, granaries, and warehouses where the collected materials are stored). The amil al-awqaf is the administrator of the religious endowments located within the nahiya.

#### Governorate Level

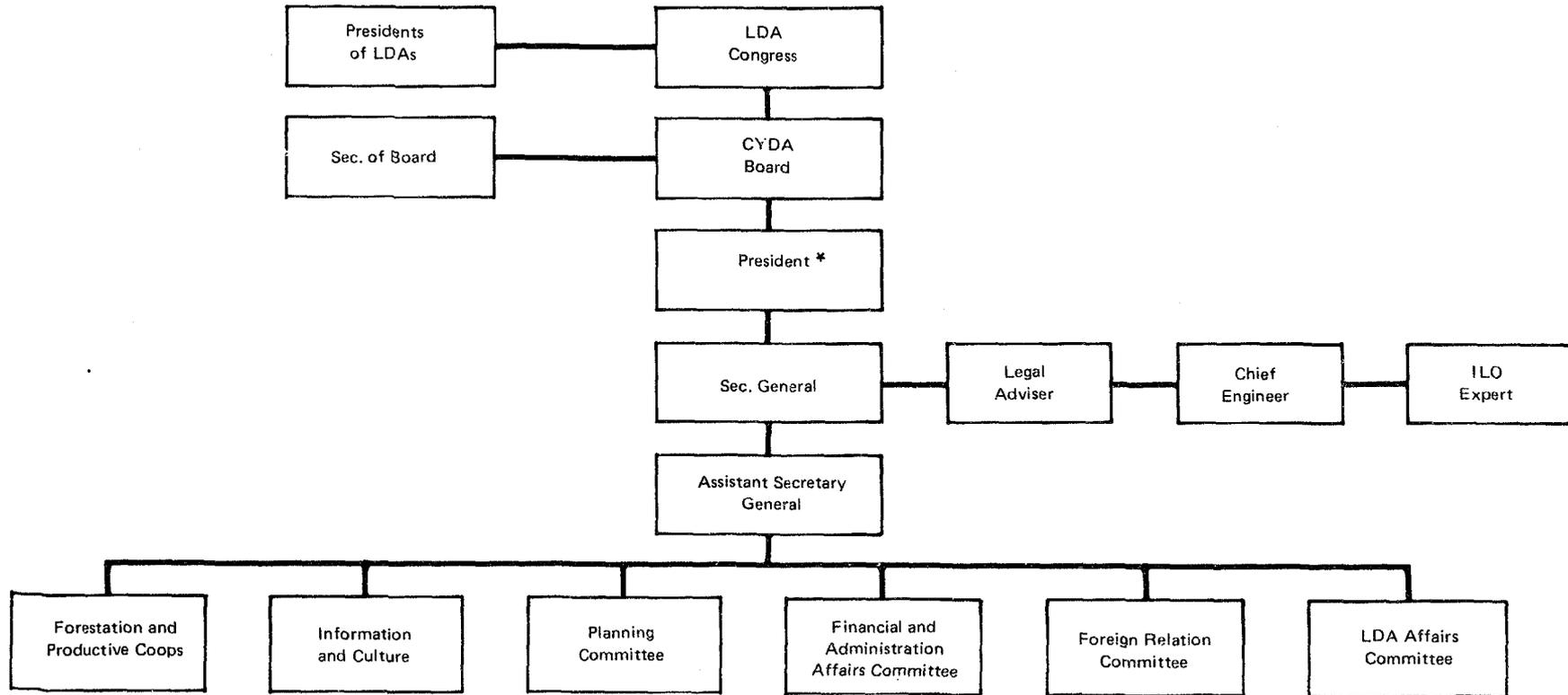
5. The next level up is the mohafazah or louwa (governorate), more an oversight and a review body insofar as local affairs are concerned, being more closely tied to the Central Government--in interest, and orientation. The governorate, which typically comprises a number of nahiyas, is the administrative level directly below the Central Government. The Governorate Council which is headed by a politically appointed governor comprises:

- (i) The military chief, who is the representative of the regular army in the governorate, and who is directly under the commander-in-chief of the army. His primary functions are: to maintain open communications with the Central Government and control the roads leading to the provincial capital and the national capital; and to direct any military operations in the governorate;
- (ii) The director of security, who represents the Ministry of the Interior, and who is primarily responsible for law and order in the provincial capital;
- (iii) The director of tribal affairs, who acts as liaison between the council and the tribes in the governorate. Together with the governor and the military chief, he is responsible for deciding upon the amount (and payment) of the tribal subsidies; and
- (iv) Ministerial representatives. Many ministries have opened offices in order to oversee and assist in the implementation of ministerial programs in the governorates.

### YEMEN ARAB REPUBLIC LOCAL GOVERNMENT SETTING



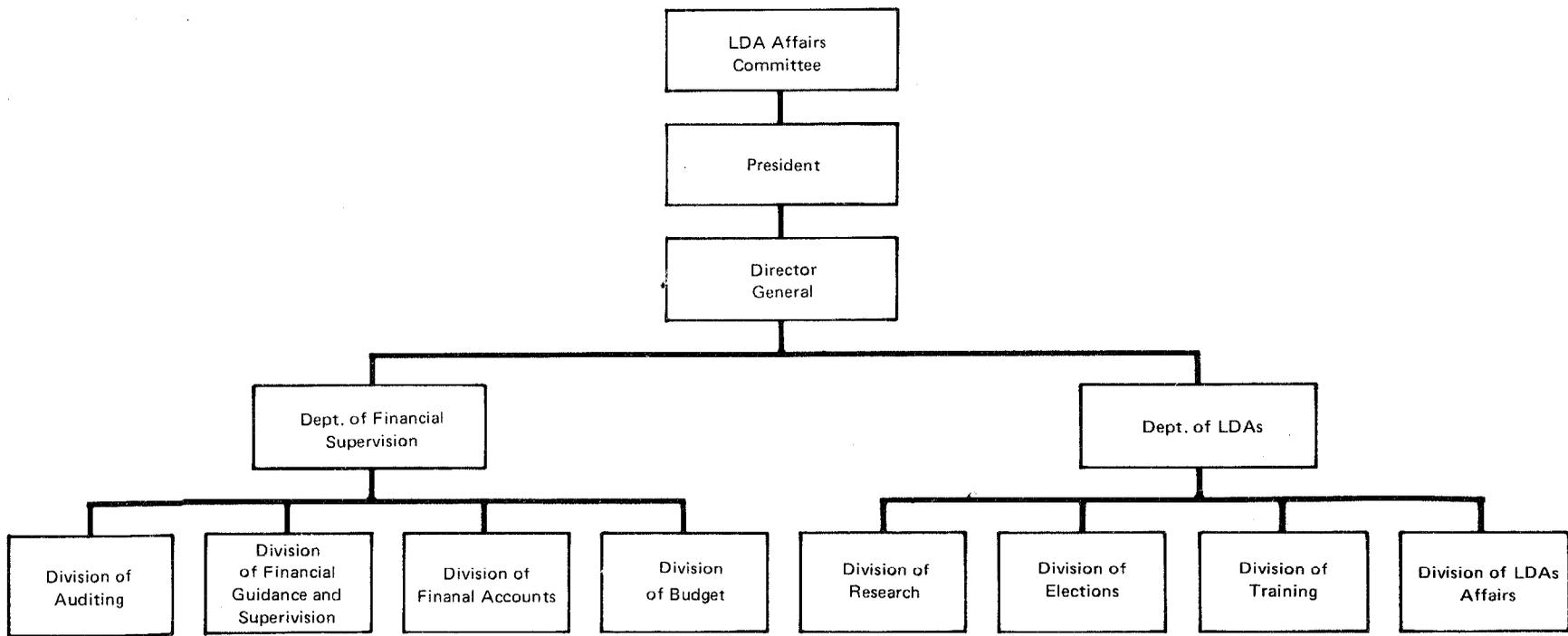
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ORGANIGRAM**



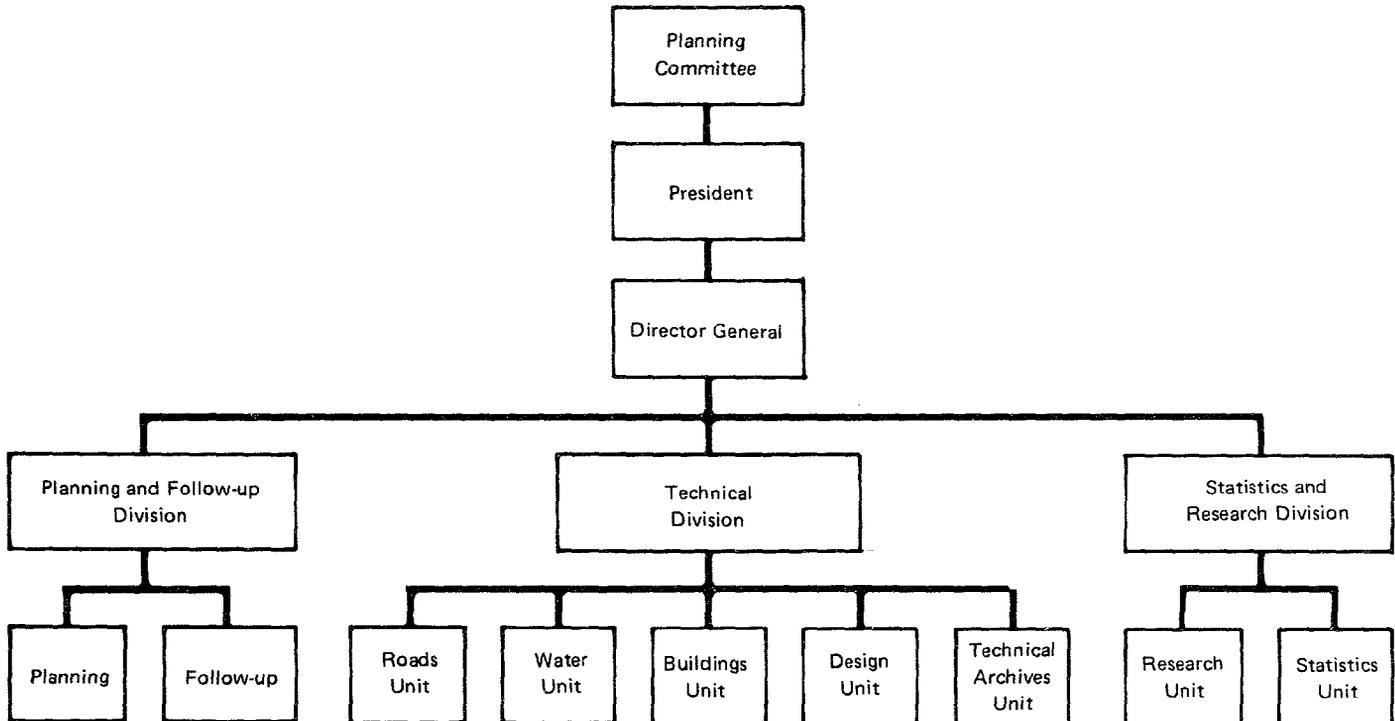
\* The CYDA Board has customarily elected the President of the Republic as its President.

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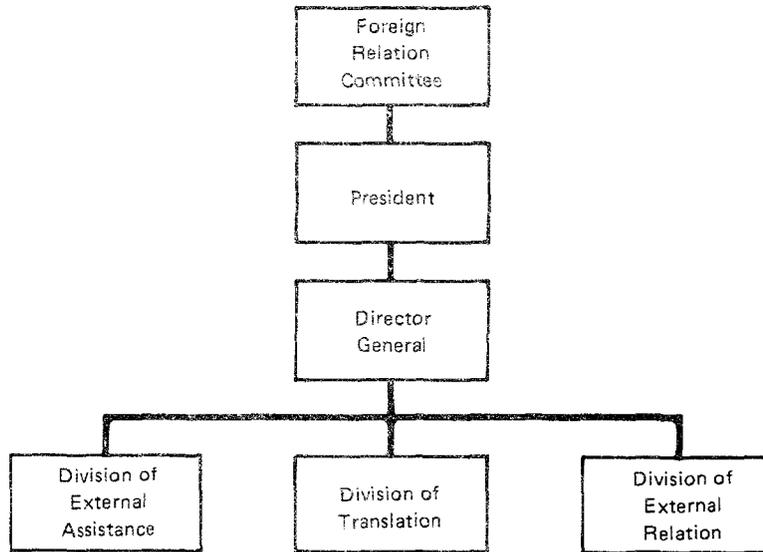


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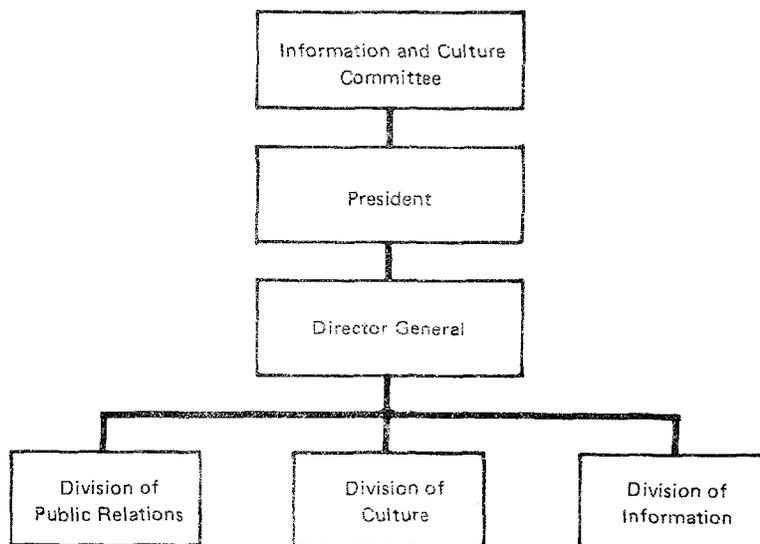
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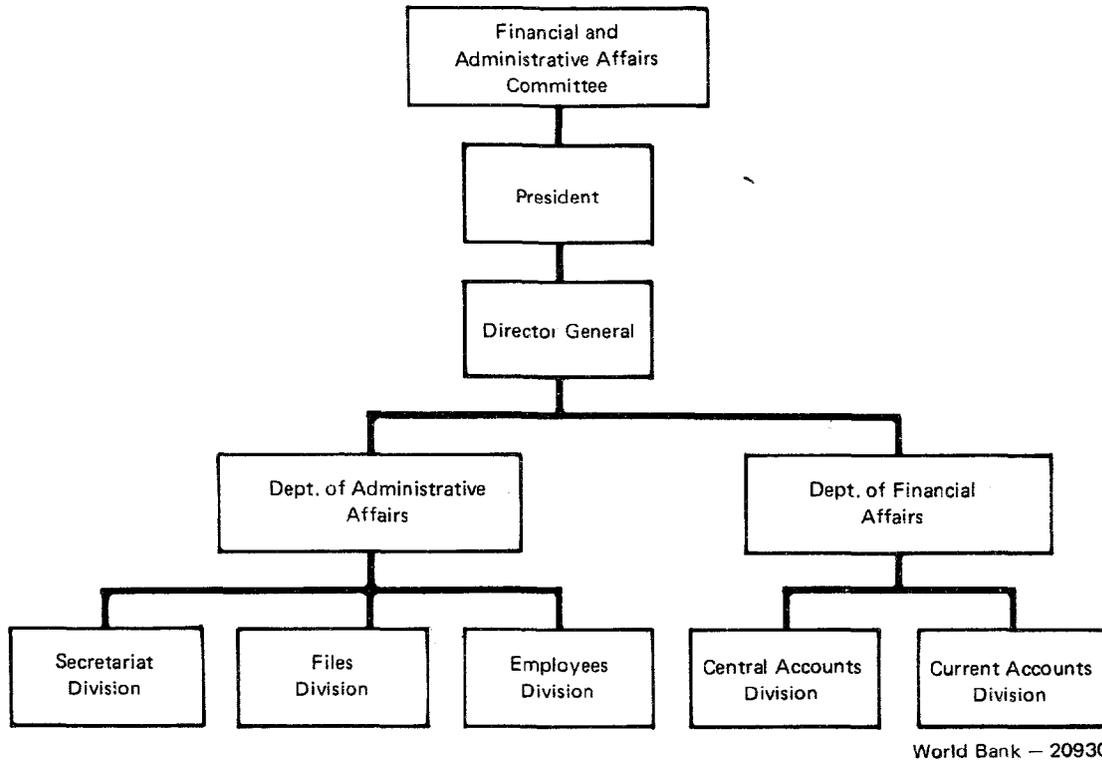
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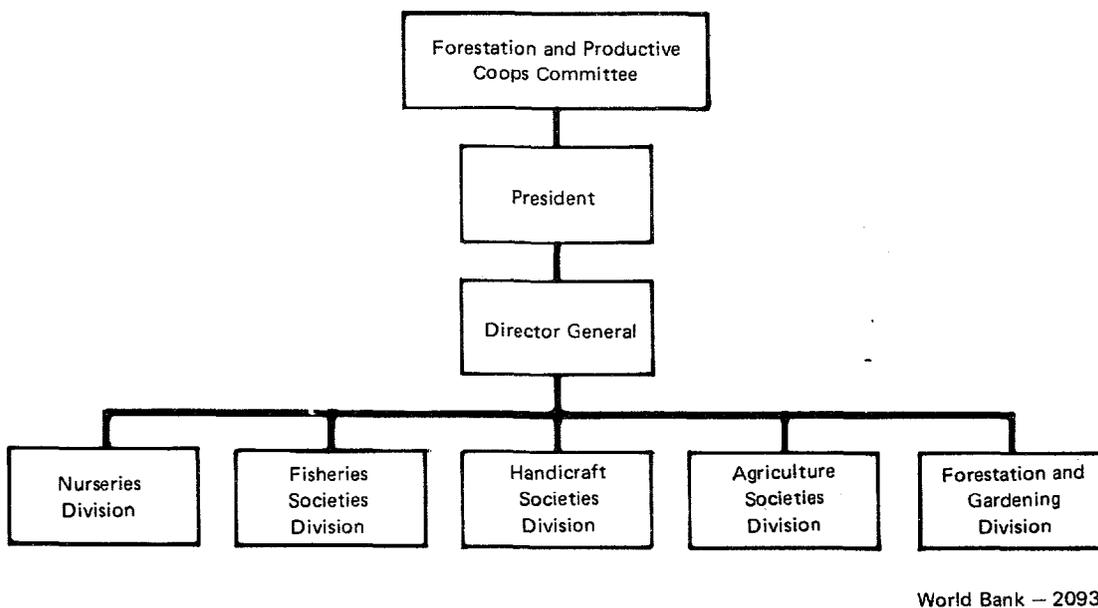
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CONFEDERATION OF YEMEN DEVELOPMENT ASSOCIATIONS  
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FOREIGN ASSISTANCE TO LDAs

1. This Annex reviews foreign assistance to LDAs. It will only account for the assistance channelled through the CYDA-LDA set-up. As there is no complete information available, the Annex would only give brief description of the assistance.

- (i) American Save the Children Fund. The main concentration of this institution is the Mahweit governorate. They assist in health services and water supply schemes.
- (ii) Catholic Relief Service. Besides providing assistance for existing hospitals, this group supplies foodstuff for Yemeni volunteer workers in LDA projects.
- (iii) German Government. It provided a mobile workshop for Amran LDA.
- (iv) CONCERN. An Irish group pursuing integrated rural development projects in Dhamar governorate. It started in 1974 and presently provides CYDA with 3 volunteer engineers and some vehicles.
- (v) ILO. ILO assists in the development of co-op training and education. ILO sent an expert in March 1979 for two months to study the organization of handicraft cooperatives. At present, ILO funds an expatriate expert to provide assistance on rural development to CYDA.
- (vi) OXFAM. It provided funds for LDAs in Kubeita (Taiz governorate) and Siham (Hodeidah governorate) during 1976-77.
- (vii) Peace Corps. It works through CYDA and is involved mainly in the Ibb and Taiz LDAs.
- (viii) UNDP. Through a three-year (1978/89) program, UNDP helps to provide technical assistance and expatriate experts. The program's total funding of \$200,000 is shared by UNDP (\$155,000) and the YAR Government (\$145,000). Expatriate experts include two road engineers, two hydro geologists, two water engineers, and one secretary.
- (ix) USAID. USAID is involved in providing technical and financial assistance, including socio-economic research, to LDAs. The project is directed to North Hodeidah and Hajjah governorates and amounts to \$8.7 million.
- (x) Other donors. A number of donors, including the World Bank, Saudi Arabia, Japan, Iraq, WFP and WHO, provide technical and financial assistance to the rural areas. These donors, however, do not work directly through the CYDA-LDA set-up although their projects are similar to those undertaken by the LDAs.

TABLE 1: DISTRIBUTION OF LDAs BY GOVERNORATE  
(1979)

<u>Governorate</u>	<u>No. of Districts</u>	<u>No. of LDAs</u>
Sanaa	35	38
Taiz	19	19
Hodeidah	20	20
Ibb	20	21
Dhamar	9	8
Hajjah	29	31
Mahweit	7	8
Saada	12	15
Mareb	9	5
Baidha	11	10
Jawf	15	16
TOTAL	<u>186</u>	<u>191</u>

No. of licensed Agricultural Co-op Societies 18

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Source: CYDA, Directorate of Planning (July 1979).

**TABLE 2: LDA PROJECTS BY GOVERNORATE**  
(Up to end FY76) 1/

Governorate	Roads		Water		Schools		Health	
	Kms.	C	A	C	A	C	A	C
Sanaa	476	12.3	79	0.7	73	4.2	2	0.1
Taiz	755	18.9	43	2.1	81	4.8	20	0.8
Hodeidah	59	1.5	34	1.5	50	4.9	8	0.3
Ibb	1,502	37.6	237	3.9	138	7.9	..	..
Dhamar	992	24.8	94	0.9	98	5.1	3	0.3
Hajjah	527	13.3	210	2.5	30	2.3	6	0.3
Mahweit	321	7.6	6	0.1	8	0.5	..	..
Saada	708	12.3	13	..	3	0.3	..	..
Baidha	<u>227</u>	<u>5.7</u>	<u>167</u>	<u>0.9</u>	<u>99</u>	<u>5.7</u>	<u>7</u>	<u>..</u>
TOTAL	<u>5,567</u>	<u>134.0</u>	<u>881</u>	<u>12.6</u>	<u>580</u>	<u>35.7</u>	<u>46</u>	<u>1.8</u>

A = Number of projects completed

C = Costs in YRls million

1/ No available information on the number of completed Miscellaneous projects.  
Total cost of these projects amounted to YRls 6.5 million of which YRls  
5.4 million were spent by Taiz LDAs.

Source: Unpublished data from CYDA.

Table 3 : LDA PROJECTS BY GOVERNORATE, FYs77-78

Governorate	No. of LDAs	Roads			Water			Schools			Health			Miscellaneous		
		A	Kms.	C	A	B	C	A	B	C	A	B	C	A	B	C
Sanaa	34	22	1,678	75.1	16	126	6.9	19	82	18.7	4	6	0.9	10	40	11.2
Taiz	17	13	1,436	72.4	9	36	1.6	13	68	12.9	6	6	0.3	4	5	0.2
Hodeidah	17	3	23	1.2	15	78	4.7	14	40	6.3	7	10	0.9	13	50	6.3
Ibb	21	11	176	87.8	9	216	5.8	10	55	10.5	-	-	-	2	8	0.6
Dhamar	7	5	757	40.4	4	30	1.6	4	37	6.3	-	-	-	2	11	2.9
Hajjah	32	21	778	40.8	15	95	1.9	15	21	3.7	4	4	0.9	7	12	2.7
Mahweit	8	7	590	22.8	6	22	0.5	4	9	1.7	2	3	..	6	14	0.8
Saada	10	5	792	34.5	2	5	0.7	3	3	0.4	-	-	-	3	3	0.3
Mareb	4	3	290	14.4	3	34	0.8	3	15	1.3	1	1	1.3	-	-	-
Beidha	7	-	-	-	1	1	-	3	17	3.2	-	-	-	-	-	-
<b>TOTAL</b>	<b>157</b>	<b>90</b>	<b>6,520</b>	<b>389.4</b>	<b>80</b>	<b>643</b>	<b>24.5</b>	<b>88</b>	<b>347</b>	<b>65.0</b>	<b>24</b>	<b>30</b>	<b>4.3</b>	<b>47</b>	<b>143</b>	<b>25.0</b>

A = No. of LDAs that provided CYDA with their records of achievement.  
 B = No. of projects completed.  
 C = Costs in YR million.

Source: Al-Taawon (CYDA Newsletter), January 22, 1979

Table 4 : LDA REVENUES AND EXPENDITURES

(FYs 76-78)

Governorate <sup>1/</sup>	<u>FY 1975/76</u>			<u>FY 1976/77</u>			<u>FY 1977/78</u>		
	A	B	C	A	B	C	A	B	C
Sana'a	20	17.5	9.5	20	24.1	12.0	26	32.8	21.6
Taiz	17	12.8	10.8	12	9.9	7.6	13	15.4	13.2
Hodeidah	13	8.0	5.6	16	12.8	6.8	16	15.8	11.8
Ibb	17	5.9	3.3	17	11.9	8.6	18	19.9	16.0
Dhamar	5	3.4	2.6	4	7.3	4.4	4	11.3	9.2
Hajjah	24	3.4	1.3	25	11.0	8.1	24	14.0	11.8
Mahweit	6	1.0	0.3	6	2.6	2.3	7	3.1	2.1
Saada	7	1.4	1.6	10	1.6	1.3	9	3.4	2.1
Mareb	2	0.6	0.6	2	0.7	0.6	2	1.1	1.0
Baidah	3	2.2	1.6	4	2.5	2.2	8	2.5	2.2
Total	<u>114</u>	<u>56.2</u>	<u>37.2</u>	<u>116</u>	<u>84.4</u>	<u>53.9</u>	<u>127</u>	<u>119.3</u>	<u>91.0</u>

A = Number of LDAs that provided CYDA with their final accounts

B = LDAs Revenues in YR million

C = LDAs Expenditures in YR million

<sup>1/</sup> An eleventh Governorate "Jawf" was instituted recently. It is located to the north of Mareb and it is not yet organized.

Source: Al-Taawoun (CYDA Newsletter), January 22, 1979.

Table 5 : LDAs OWNED EQUIPMENT BY GOVERNORATE  
(July 1979)

Governorate	Sana'a	Hajja	Ibb	Taiz	Hodeida	Joff	Saada	Beida	Mahweet	Damar	Marib	Total
No. of LDAs	38	31	21	19	20	16	15	10	8	7	5	191
Cat D8	1	1	-	2	-	-	-	-	-	2	-	6
Cat D7	3	1	-	3	2	-	-	-	-	2	-	11
Cat D6	5	5	1	2	2	-	1	1	-	5	1	23
Ko. D155	10	2	-	2	-	-	6	1	-	-	-	21
Ko. D85	-	2	-	-	-	-	-	-	-	-	-	2
Ko. D50	3	5	2	2	1	-	-	1	5	6	-	25
Fiat D4	4	2	5	2	-	-	-	-	-	3	1	17
Total bulldozers	26	18	8	13	5	-	7	3	5	18	2	105
Loaders	1	-	1	2	-	-	-	-	-	-	-	4
Graders	3	-	-	1	-	-	-	-	-	2	-	6
Compressors	12	4	2	6	1	-	2	-	-	6	1	34
Drilling rigs	3	-	-	1	-	-	-	-	-	4	-	8
Generator < 30	-	-	-	2	-	-	-	-	-	-	-	2
30-60 KW	16	-	-	5	6	-	-	4	3	3	-	37
60-135 KW	5	-	-	7	-	-	-	-	-	-	-	12

Source: CYDA, Directorate of Planning

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