

**Report No. 56278 -YE**

**The Inspection Panel** 

**Final Report and Recommendation**

**Yemen: Institutional Reform  
Development Policy Grant  
(Grant No. H336-YEM)**

**September 8, 2010**

## The Inspection Panel

### Final Report and Recommendation On Request for Inspection

#### YEMEN: Institutional Reform Development Policy Grant (Grant No. H336-YEM)

1. On April 13, 2009, the Inspection Panel received a Request for Inspection (the “Request”) related to the Yemen: Institutional Reform Development Policy Grant (the “Program” or the “IRDPG”), which is supported by Grant No. H336-YEM (the “Grant”). The Request was submitted by Mr. Abdelkader Ali Abdallah and Mr. Yahya Saleh Mohsen, both residents of Sana’a, Yemen, on their behalf and on behalf of the Yemen Observatory for Human Rights, a local Non-Governmental Organization. The Request claims, *inter alia*, that the Bank failed to comply with principles of transparency and disclosure of information with respect to a Development Policy Operation for institutional reform in Yemen, which they contend will produce negative effects on wages, employment and poverty reduction. The Panel registered the Request on April 20, 2009.
2. This is the Final Report and Recommendation relating to the Request for Inspection received concerning the IRDPG. The first Report and Recommendation, as described in Section E below, was issued by the Inspection Panel on June 18, 2009. The purpose of this report is to make a recommendation to the Executive Directors as to whether the matters alleged in the Requests should be investigated.

#### A. THE PROGRAM

3. The IRDPG was approved by the Board of Directors on December 6, 2007. The Program has two objectives. The first is to bring about investment reforms which will allow Yemen to diversify its economy so that its dependence on oil revenues is reduced. The second objective is to strengthen governance and public finance management by reforming the civil service, procurement systems, and promote oil revenue transparency by having Yemen join the Extractive Industry Transparency Initiative (EITI). These objectives are meant to assist the country reduce poverty, increase growth, and improve public sector governance.
4. The Program’s objectives are to be achieved through five components that are “*based on both prior analytical work and extensive dialogue with key Government counterparts, local stakeholders (including members of civil society), country experts, and other donors.*”<sup>1</sup> Each component focuses on a reform agenda identifying a set of actions constituting conditions for first and second tranche releases. The Program components include: income tax reforms; reform

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<sup>1</sup> Program Document, Republic of Yemen: Institutional Reform Development Policy Grant, November 6, 2007, para. 37.

for land titling and registration; strengthening public procurement; improving revenue transparency; and, public administration reform.

5. The Program Document (PD) identifies two potential social safeguard concerns, the first being the “*potential negative impact of land registration for the poor and powerless*”<sup>2</sup> and the “*land rights of women*”<sup>3</sup> and the second being whether the reform of the corporate income tax law might adversely impact the poor. However, according to the PD, these concerns are allayed by Government’s commitment to monitor the impacts of these policies and mitigate them through appropriate safeguards.<sup>4</sup> The PD further states that “*through broad consultations, the preparation process [of IRDPG] countered some of the weaknesses in existing participatory processes.*”<sup>5</sup>

## **B. FINANCING**

6. The Yemen: Institutional Reform Development Policy Grant (IRDPG) is an IDA-financed operation of approximately \$50.73 million comprised of two equal tranches of approximately \$25.47 million. The first tranche was released upon Grant effectiveness after first tranche prior actions (mainly legislative actions) were met, and the second tranche was yet to be released at the time of the drafting of this Report. Second tranche prior actions focus explicitly on the implementation of the Program’s policy reforms.<sup>6</sup> The Grant is scheduled to close on December 31, 2010.

## **C. THE REQUEST**

7. The Request raises three issues related to the Program: the first concerns disclosure of information and translation; the second concerns consultation and participation; and the third concerns the impacts of the reforms supported by the Grant.
8. In the Notice of Registration, the Panel noted that the claims in the Request may, *inter alia*, constitute non-compliance by the Bank with various provisions of the following Operational Policies and Procedures:

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

## **D. MANAGEMENT RESPONSE**

9. On May 19, 2009, Management submitted its Response to the Request for Inspection, which includes an action plan “*to follow-up on the issues raised by the Requesters.*”<sup>7</sup>

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<sup>2</sup> Program Document, Republic of Yemen: Institutional Reform Development Policy Grant, November 6, 2007, para. 80.

<sup>3</sup>Ibid, para. 85.

<sup>4</sup>Ibid, para. 88.

<sup>5</sup>Ibid, para. 36.

<sup>6</sup>Ibid, para. 34.

<sup>7</sup> Management Response to Request for Inspection Panel Review of the Yemen; Institutional Reform Development Policy Grant (Grant No. 336; YEM), May 19, 2009.

10. Concerning the disclosure of IRDPG documentation, Management stated that it complied with the requirements of applicable Bank policies.<sup>8</sup> Management also stated that it had initiated translation of the IRDPG Program Document into Arabic and would be providing the translation to the Requesters and other stakeholders within three weeks.<sup>9</sup> Concerning participation, Management stated that it agrees with the Requesters on the importance of partnership with stakeholders as a substantial factor to achieve sustainable development and to improve transparency and accountability in development. Management stated that it is satisfied that the requirement under OP 8.60 which requires the Bank to “*advise borrowing countries to consult with and engage the participation of key stakeholders*” was met.<sup>10</sup> As for the social impact of measures supported under the IRDPG, Management stated that the measures supported under the IRDPG are expected to have a positive social and poverty impact.<sup>11</sup>
11. Management believed that the Requesters’ rights or interests have not been, nor will they be, directly and adversely affected by a failure of the Bank to implement its policies and procedures.<sup>12</sup> Management, however, proposed to pursue and strengthen participation processes in support of reforms in Yemen, to provide a translation of the PD to the Requesters and other interested stakeholders by June 2009, to review and enhance the system to monitor effective compliance with the disclosure policy and translation practices of PIDs, PADs, and PDs within the MNA Region, to continue monitoring the risks associated with the IRDPG in consultation with stakeholders, and to invite the Requesters to meet in May or early June 2009 at their convenience with Bank representatives to inform them about plans for the translation and discuss their concerns and ways to strengthen partnerships.<sup>13</sup>

## **E. ELIGIBILITY**

12. From June 9 through June 12, 2009, a Panel team comprising of Panel Member Alf Jerve and Operations Officers Serge Selwan and Mishka Zaman visited Sana’a, Yemen, for the purpose of determining the eligibility of the Request and make a recommendation to the Executive Directors as to whether the matters alleged in the Request should be investigated.
13. During the visit, the Panel team met with signatories of the Request, representatives of local Authorities, Bank staff, and civil society organizations. Also, during the visit, the Panel was able to confirm that the Requesters are legitimate parties under the Resolution to submit a Request for Inspection to the Inspection Panel.
14. On June 18, 2009, the Inspection Panel presented its Report and Recommendation to the Board of Executive Directors. In its Report, the Panel noted that the Requesters and Request were eligible. The Panel also noted important steps, both proposed and taken by Bank Management, in its Response to the Request, to address the significant issue of translation of documents.

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<sup>8</sup> Management Response, p. 18 para. 56.

<sup>9</sup> Management Response, p. v para. 8 and p. 21 para. 64.

<sup>10</sup> Management Response, p. 11 para. 37.

<sup>11</sup> Management Response, p. 19 para. 60.

<sup>12</sup> Management Response, p. 23 para. 69.

<sup>13</sup> Management Response, p. 22-23 para. 68.

15. In its Report to the Board, the Panel noted that the Request raises three issues related to the Program. The *first* issue concerned the disclosure and translation of the Program Document (PD) to Arabic. The Panel also noted that the Bank had taken action and that translation of the PD to Arabic was carried out. The Requesters confirmed receipt of the document on June 8, 2009, and the Panel, as well as the Requesters, considered this issue resolved.
16. The *second* issue, as per the Panel's Report, related to consultation. The Panel noted that there were sharply differing views between Requesters and Management as to the requirements under OP 8.60 pertaining to consultation. While Management considered that these requirements were met, the Requesters argued that the consultation process had been inadequate. The Panel noted that this view was not restricted to the signatories of the Request alone. It was also of interest and concern to the civil society organizations the Panel met during the visit, most of whom were also part of earlier correspondence with the Bank's Country Office. The Panel, however, recorded the satisfaction of the Requesters with the consultation process that took place in March 2009 with regards to other Bank activities.
17. The Panel also noted that it is the Panel's understanding that the term "*material adverse effect*" used in the Panel's Resolution when defining an eligible Request, does include the lack of opportunity of key stakeholders to benefit from policy-prescribed rights to consultation, participation, and access to information.
18. Regarding the *third* issue concerning the impact of the reforms supported by the Grant, the Panel noted that when it met with the Requesters they had just received the Arabic translation of the PD. Although they had earlier expressed an opinion that these reforms could result in harm, they were reluctant to express definitive views on the extent of the potential harm before having had time to carefully review the document.
19. Regarding the *second* and *third* issues, the Panel noted that the Requesters see them to be linked. The Panel believed it would need to conduct an appropriate review of relevant facts and applicable Bank policies and procedures in order to ascertain compliance or lack thereof with regard to the issue of adequacy of participation and consultation. As this could only be done in the context of an investigation of the points raised in the Request, the Panel recommended to the Board of Executive Directors that it approve an investigation into the matters raised in the Request for Inspection, except for the issue of translation as this had already been resolved.

## **F. ENHANCED ACTION PLAN AND BOARD DISCUSSION**

20. On July 6, 2009, an Executive Director requested a Board discussion to seek views with respect to the Panel's Report and Recommendation. In advance of the Board discussion, Management submitted on September 13, 2009 a significantly enhanced action plan<sup>14</sup> (see Annex A) to address the remaining important issues and the broader issue of consultation and participation within the framework of applicable Bank policies.
21. After reviewing the enhanced action plan, the Panel contacted the Requesters to share the substance of the actions (both the initial action plan and the enhanced action plan are hereinafter

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<sup>14</sup> Yemen - Institutional Reform Development Policy Grant Inspection Panel Request Action Plan: Status and Way Forward.

referred to as the “Action Plan”). The Requesters informed the Panel that they were interested in the implementation of these actions. Thus, based on these actions, and the Requesters’ expressed interest in their implementation, the Panel proposed to defer its recommendation to investigate, as it has done in some similar past cases, in order to promote the opportunity to address the concerns raised in the Request.

22. On September 15, 2009, the Board of Executive Directors met and discussed the Panel’s Report and Recommendation concerning the IRDPG. The Board welcomed the constructive approach taken by the Panel and Management and indicated the importance of implementing the actions proposed. The Board also noted the importance of the Panel process in enhancing the accountability of the institution, and in bringing important issues of consultation, participation and translation in the context of a development policy loan to its attention.
23. In conclusion, the Board agreed with the Panel’s proposal to defer its recommendation to investigate and welcomed Management’s commitment to report on progress in the implementation of the Action Plan by June 2010, after which the Panel would recommend to the Board whether an investigation is warranted based on its independent review of the situation.

#### **G. MANAGEMENT PROGRESS REPORT**

24. On June 21, 2010, Management submitted to the Board of Executive Directors its “*Progress Report on the Implementation of the Management Action Plan*” (see Annex B).<sup>15</sup>
25. Management stated that overall, it was satisfied that significant progress had been made on all key activities of the Action Plan, including: (a) engaging in a dialogue with the Requesters; (b) strengthening the Bank’s Middle-East North Africa (MNA) Region’s practices with regards to disclosure, translation, and consultations in line with applicable Bank policies; (c) monitoring risks associated with the implementation of the Program in consultation with stakeholders; and (d) further strengthening relevant participation processes in Yemen. Management also stated that it continuously engaged Requesters through consultations on IRDPG implementation and on the broader Bank program in Yemen.
26. Management noted that the Action Plan’s implementation took place in a sharply deteriorating security environment, affecting the timeline for implementation of some activities, especially during the period of January-February 2010. During this period the Bank had to adopt a “*light footprint*” approach in Yemen and this affected the Bank’s effort to engage civil society organizations, especially outside Sana’a.
27. On disclosure of information, translation and consultation in the MNA Region, Management stated that as of June 8, 2010, MNA is in full compliance with its commitment to disclose information regarding Project Information Documents (PIDs), Project Appraisal Documents (PADs), and Project Documents (PDs) on its current portfolio of IBRD/IDA projects.

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<sup>15</sup> Progress Report to the Board of Executive Directors on the Implementation of the Management Action Plan in Response to the Request for Inspection of the Yemen Institutional Reform Development Policy Grant (IRDPG), June 21, 2010.

28. Management further stated that following a review of translation practices in MNA, translation of core operational documents (PIDs, PADs and PDs) into Arabic was made a requirement for all new operations in countries where Arabic is the main business language. Detailed instructions were issued to that effect on October 31, 2009. Management added that as of June 8, 2010, all PIDs were disclosed in Arabic and PADs are continuously being translated for ongoing operations. In parallel, according to Management, MNA is continuing to translate and disclose operational documents in French in the Maghreb and Djibouti. Also according to Management, MNA's Arabic-language websites were revamped and their content is up to date.
29. On consultation, Management states that it has issued detailed instructions on October 29, 2009 to Country Directors, Country Managers and Task Team Leaders (TTLs) to strengthen outreach to civil society stakeholders. According to Management, to date, directories of CSOs are available in all Country Offices (including Yemen) for use by staff. Management adds that, additionally, a series of training sessions was held to disseminate good practices on consultations and strengthen effectiveness of project-level consultations: first for Washington-based TTLs then for Country Office-based TTLs at a seminar in Beirut, Lebanon, during the May 17-19, 2010, Regional Operations Forum.
30. Concerning the implementation of the IRDPG, Management stated that during each supervision mission the Task Team met with a cross-section of CSOs representing the main viewpoints within civil society to discuss IRDPG implementation progress. These meetings were held in Arabic, on the basis of background documents and/or presentations in Arabic with an average of 10 to 15 participants from as many organizations each time. According to Management, these meetings were initially focused on concerns about the IRDPG potential impact. Management added that the consultations progressed into the provision of substantive feedback and an active exploration of how CSOs and the Bank could better interact at a broader level.
31. Management added that particular efforts were made to work closely with the CSOs that are involved in the Extractive Industries Transparency Initiative (EITI) component of the IRDPG. On October 19-20, 2009, a workshop was organized to discuss ways to raise the level of transparency in the management of extractive industries revenues. On February 15, 2010, a half-day workshop was organized and included an overview of the EITI process in Yemen, global implementation status and key next steps for the EITI and key issues facing civil society members under the EITI. Finally, on April 5-6, 2010, a two-day workshop focused on EITI best practices from around the world was organized.
32. Additionally, according to Management, efforts were made to reach out to entities that are representatives of stakeholders that may be affected by measures supported under the IRDPG, especially under the land titling and civil service components. The task team followed up on issues raised during these discussions (e.g., potential displacement of informal occupants of public lands under a possible systematic land registration effort) and facilitated exchanges between CSOs and Government.
33. As for the Bank's program in Yemen and the way forward, Management stated that the Country Office arranged frequent meetings with a cross-section of CSOs. On average, two to three events were held each month, on topics as diverse as the new Social Welfare Fund operation, the

Integrated Urban Development project, the Qat Demand Reduction Agenda, and Climate Change. Additionally, Senior Management took advantage of every formal meeting with the Yemeni authorities to emphasize the importance of consultations and offer Bank assistance in this regard. Management also sent a letter via the Country Director on December 15, 2009 advising the Government to consult on several Bank-supported activities and offering help to do so. In this regard, two missions visited Yemen (November 3-5, 2009 and December 12-15, 2009) to practically demonstrate the advice to that effect.

34. Looking ahead, Management stated that it will continue to deploy every effort to maintain a strong focus on the issues of disclosure and translation (particularly translation into Arabic of PIDs, PADs, and PDs for new Bank-funded projects). Management added that it was committed to helping create an environment that is conducive to effective consultations between Governments and CSOs where possible in the Region. Finally, Management stated that on June 21, 2010, it sent a message to staff reiterating the importance of sustaining the accomplishments made under the Action Plan.

## **H. OBSERVATIONS**

35. The Panel, in its June 18, 2009 Report and Recommendation, had concluded that the adequacy of consultation and participation with key stakeholders in relation to the IRDPG could only be ascertained in the context of an investigation. Therefore, it had recommended to the Board of Executive Directors that an investigation be carried out on issues raised in the Request for Inspection that pertained to consultation and participation. The Panel notes in this regard that though Management, in its Response of May 19, 2009, had proposed certain actions to address the Requesters' concerns, these actions mainly addressed the important issue of translation of documents. Although this was a significant step of much importance to the affected people, and highlighted the importance of translation of key documents that form part of the policy preparation process, it did not address the other significant issues of consultation and participation.
36. As described previously, the Panel subsequently proposed to defer the recommendation to investigate, at the Board meeting of September 15, 2009, in light of the additional actions proposed by Management in the enhanced action plan which complemented and expanded upon earlier actions proposed in the Management Response of May 19, 2009.
37. The Panel has reviewed the Management "*Progress Report on the Implementation of the Management Action Plan.*" In doing so, it took into account the World Bank policy requirements regarding consultation and participation in a DPL, such as the IRDPG, which are described in Paragraph 6 of OP 8.60. This paragraph requires the Bank to advise the Government to consult and engage with "*key stakeholders*" during the development of a DPL, to describe the consultative process and its outcome in the Program Document (PD), and to make relevant analytical work available to the public as part of the consultation process. The Panel notes that a failure to engage key stakeholders in a consultative process may increase the possibility of material harms and lack of broad-based support for the reforms. Furthermore, paragraphs 10 and 11 of OP 8.60 require the Bank to analyze "*significant poverty and social consequences*" on poor people and vulnerable groups, and similarly with respect to "*significant effects on the*



*country's environment, forests, and other natural resources.*" The analyses are to be summarized in the PD, and the PD would describe how any shortcoming in borrower's systems would be addressed before or during program implementation. The Panel notes that adequate consultation may be a critical element in carrying out the analytical work mandated by OP 8.60.

38. The Panel notes with satisfaction Management's confirmation that significant progress has been made on all key activities which were part of the plan. The Panel acknowledges the deteriorating security environment in Yemen over the last twelve months making it particularly difficult to engage with CSOs outside the capital, and commends Management for its efforts under these circumstances. The Panel notes that the Progress Report is less concrete on the efforts made to reach out to representatives of parties potentially affected by the IRDPG. While this may partly be a reflection of constraints imposed by the security situation, the Panel wants to emphasize that this particular issue - i.e. consultation with potentially affected parties on impacts of the reforms - is central to the Requesters concerns. The Panel notes that paragraph 16 of OP 8.60 mandates Bank staff "*to validate monitoring and evaluation findings*" and makes reference to "*Good Practice Notes for Development Policy Lending*" which emphasizes the need for civil society participation in monitoring and evaluation (p.96).
39. The Panel has also shared both the Arabic translation and original English version of the Progress Report with the Requesters for their perusal and feedback. In a written communication received from them, the Requesters note many positive developments in the Bank's interaction with civil society organizations in Yemen, including translations into Arabic, transparency and disclosure of information, and the involvement and consultation with respect to projects and policy issues.
40. The Requesters raised some concerns and questions regarding the feedback to civil society organizations on the outcome of various consultative processes. They welcomed the opportunity to participate in discussions pertaining to the design of a second phase of the Program, especially regarding its impacts on the poorer segments of society. The Panel has informed Management of the Requesters' concerns and questions, and after receiving concurrence from the Requesters, has shared their written feedback with Management. On September 8, 2010, Management sent the Panel its Response to these concerns (see Annex C).

## **I. RECOMMENDATION**

41. Given the Requesters general satisfaction with progress made by Management on the Action Plan, which includes a number of actions pertaining to consultation and participation, and the Panel's own review of the Progress Report, the Inspection Panel does not recommend an investigation into the issues raised in the Request for Inspection.
42. If the Board of Executive Directors concurs with this recommendation, the Panel will advise the Requesters and Management accordingly.

# **ANNEX A**

**Yemen – Institutional Reform Development Policy Grant**  
**Inspection Panel Request**  
**Action Plan: Status and Way Forward**

**Background**

Yemen Institutional Reform Development Policy Grant (IRDPG) is an integral part of the broader economic and governance program launched by the Government as a part of its Third National Development Plan for Poverty Reduction and Reform (DPPR). The DPPR was developed through an intensive consultation process, engaging a large group of stakeholders including in provinces, from late 2004 to mid-2006. In this context, the IRDPG aims to help carry forward selected priority reforms emerging from the DPPR, some of which are building on processes launched as early as the late 1990s. The IRDPG is also building on an extensive earlier program of analytical work and other Bank assistance, which has benefited from extensive consultations with a variety of stakeholders.

This Note aims to: (i) take stock of progress to date in implementing the Action Plan outlined in the Management Response to the Inspection Panel for the IRDPG; and (ii) specify further actions that Management aims to take in the coming period in this context. This Action Plan is a part of the broader Bank-wide effort to further strengthen the effectiveness of the Bank's engagement in fragile States such as Yemen. This effort aims to help accelerate economic and social progress in the poorest country in the Middle East and North Africa Region (MNA) Region and in a fragile State with a complex socio-political environment. The proposed actions also draw on the findings of a visit to Yemen by Executive Directors in 2008.

These actions are rooted in the understanding that adequate and effective consultations with, and participation of, relevant stakeholders are critical to achieving improved development outcomes in a country like Yemen (with appropriate management of expectations). They draw on the "Good Practice Note on Supporting Participation in Development Policy Operations" published by OPCS in October 2004. They also reflect lessons learned in other Regions, including from Inspection Panel cases and including those detailed in "Rights and Participation: Citizens involvement in projects supported by the World Bank", published in August 2008 by the LAC Region, as well as the findings of the 2009 Development Policy Loan (DPL) Retrospective.

Like in any country, but more so in Yemen, the challenge is to manage a series of dilemmas and constraints, including: (i) distinguishing between consultations that should be led by the Government and those that can be led by an international organization such as the World Bank and appropriately respecting that the ownership of the Government is not undermined; (ii) ensuring that consultations processes are an effective complement to, rather than a substitute for internal constitutional processes, and in particular for Parliamentary processes; (iii) balancing the participation of various types of stakeholders (e.g., private sector, communities, NGOs, academia) based on their effective ability to contribute to improved outcomes under Bank-supported activities; (iv) selecting among the many credible and relevant Civil Society Organization (CSOs) a manageable number of counterparts with whom to engage to ensure the reforms benefit from such engagements and results in meaningful dialogue – although it may

cause frustrations among those that are not involved; and (v) managing expectations of those that are consulted, to avoid a perception that consultations provide a de facto veto authority.

In line with the Eligibility Phase Management Response (Management Response) to the Inspection Panel of May 19, 2009, sequentially a number of steps have been taken. A translation of the Program Document was provided to the Requesters and other interested stakeholders in June 2009 and the Requesters acknowledged receipt of this translation. A meeting with the Requesters was held on May 30, 2009 (during which the Requesters expressed their concerns and discussed ways to strengthen communications with the Bank). A further meeting took place on September 6, 2009, during which progress in implementing the IRDPG was discussed in detail. Discussions revealed considerable distrust by the Requesters of the Government and of the overall direction of the reform program, as well as a positive desire to be engaged and consulted in programs and projects supported by the Bank.

This Note hence focuses on actions aimed at further strengthening consultations and participation of stakeholders, which have been regrouped under three categories: (i) further strengthening MNA Region's policy and practices for stakeholders participation, including through disclosure, translation, outreach, and capacity building activities; (ii) consolidating the partnership with stakeholders to continue to monitor the risks associated with the IRDPG implementation; and (iii) broadening and deepening consultations across the Bank-supported programs in Yemen.

### **Development of MNA Action Plan and Institutional Mechanism**

The Management Response included commitments to review, by December 2009, translation practices and to enhance the systems to monitor effective compliance with the disclosure policy of Project and Program Information Documents (PIDs), Project Appraisal Documents (PADs), and Program Documents (PDs) within the MNA Region. The following steps have been or are being undertaken:

- (i) The review has been completed and MNA Vice President has assigned the Development Effectiveness Unit the responsibility for monitoring PID disclosure and updates at the appraisal stage; following up with concerned task teams as necessary; and conducting ex-post monitoring of timely disclosure of PAD, PD, Letter of Development Policy, and Tranche Release Document. This Unit will submit to Regional Management a monthly report on progress made and specific recommendations for addressing any potential problems emerging. Detailed instructions to that effect will be communicated to MNA staff by October 31, 2009.
- (ii) In line with good practices outlined in the World Bank Translation Framework, as a part of the commitment to enhance the framework for consultations, MNA will translate into Arabic at least: (i) all PIDs; and (ii) all PADs/PDs. This will extend to Arabic the translation practices that are currently in use for French for the Maghreb countries. Detailed instructions in that respect will be communicated to MNA staff by October 31, 2009. This will require significantly expanding the Bank's translation capacity, which has budgetary implications and will take time (e.g., for recruiting staff, etc.). MNA has requested GSD to at least double the Arabic Translation Unit capacity in order to respond

to the anticipated increase in the volume of documents to be translated into Arabic. This process is expected to be gradual, with clear progress by June 2010 and a steady state operation in place by the end of 2010. The translation of a PAD typically takes about 8 to 10 weeks.

- (iii) In addition, a review of MNA websites has been conducted and a major revamp of Arabic websites is being undertaken to facilitate access in Arabic to relevant Bank materials, including project documentation and analytical work. This includes: (a) ensuring that content is aligned with the English website and regularly refreshed and updated; (b) recruiting a specialized web editor and upgrading the skills of existing staff who post content on the websites; and (c) clarifying responsibilities for the governance of these websites. This exercise (including revamping and a first round of regular updates) is expected to be completed by June 2010.

More broadly, MNA has also set for itself the objective of stepping up its consultation and participation practices. The Region will aim to go beyond what is required in that respect under applicable operational policies, to learn from experience in other Regions, and to gradually adjust the modalities of its engagement with stakeholders, including but not limited to CSOs, in order to achieve enhanced development outcomes. To that effect, MNA is considering the following framework for approaching this challenge in a strategic and systematic manner:

- (i) In each country, the Country Office will develop a directory of CSOs, specifying their special niche and sector interest, which shall be targeted for consultation. This list will be shared with the Government as may be appropriate. This will be accompanied by a mechanism for CSOs to “appeal” in case they believe they are to be consulted on specific matters (although, in order to remain practical, the appeal would not always lead to inclusion). The directories should be finalized by June 30, 2010.
- (ii) In each country, the Country Director and Country Manager will be required to launch a systematic effort aimed at strengthening outreach to relevant stakeholders where it is necessary and to report to Senior Management on a regular basis. Instructions to that effect will be communicated to relevant managerial staff by October 31, 2009.
- (iii) The MNA Vice President will issue an instruction by October 31, 2009 to all regional staff to further raise awareness and disseminate good practices on consultations. This instruction is expected to be followed by training sessions to relevant Task Team Leaders and Task Team members.
- (iv) In parallel, MNA will develop, together with World Bank Institute and other relevant parts of the World Bank Group, and in consultation with stakeholders (including CSOs), a series of training programs for stakeholders across the MNA Region (including CSOs) to improve their understanding of the reform and investment programs and of their potential benefits, and of the role of the Bank and other agencies. The first training session will be delivered by June 30, 2010.

## **Implementation of the IRDPG**

The Management Response included a commitment to continue to monitor the risks associated with the IRDPG, in consultation with stakeholders. In practical terms, this is expected to be achieved through the following set of actions:

- (i) During each supervision mission, the Task Team will meet with a cross-section of CSOs, which are representative of the main viewpoints within civil society, to discuss progress in implementing the measures supported under the IRDPG and concerns CSOs may have on the impact of these measures on the poor. An invitation will be systematically extended to the Requesters to participate in these meetings (as was the case for the meeting held on September 6, 2009).
- (ii) Following each supervision mission, the Task Team will issue an update note in Arabic and English (one- to two-page) on the status and progress of implementation of the reforms supported under the IRDPG. These notes will be broadly disseminated by the Country Office and posted on the internet.
- (iii) Throughout supervision, the Task Team will work closely with those CSOs which are directly involved, as actors, in the implementation of some of the measures supported under the IRDPG with a view to facilitating implementation of the operation. This is expected to be especially relevant for the Extractive Industries Transparency Initiative (EITI) component.
- (iv) Throughout supervision, the Task Team will make particular efforts to reach out to entities which are representative of the parties that may be affected by the measures supported under the IRDPG, in order to discuss concerns they may have on these measures. This is expected to be especially relevant for the land titling and civil service reform components.

## **Bank program in Yemen**

The Management Response included a commitment to pursue and further strengthen relevant participation processes in support of reforms in Yemen. This is a process that will have to be developed gradually and sustained over years in order to bring concrete results – as it requires building trust with a broadened set of counterparts within civil society in an environment where this has traditionally been challenging. In the coming period, Management will focus on five sets of actions:

- (i) The Country Office will continue to hold regular meetings, on a quarterly basis, with a cross-section of CSOs in Yemen, which are deemed to be representative of the main viewpoints within civil society, to discuss Bank activities in the country.
- (ii) Regional Management will emphasize with the Government the importance of ensuring adequate consultations with stakeholders in the formulation of the country's development program and in the design and implementation of critical reforms. This will be done in

the first instance during the 2009 Annual Meetings and is expected to remain an essential part of the country dialogue in the coming future. The Country Office will also offer support to the Government to facilitate consultations, including training and institutional strengthening as may be requested.

- (iii) Management will prepare a paper on the stakeholders landscape and consultations for the Bank in Yemen by June 2010. This paper will include an analysis of the key segments of civil society, with a view to helping refine the Bank's understanding of relevant stakeholders and their constituencies. The paper will include recommendations *inter alia* on: (i) mechanisms to further broaden and deepen interactions between the Bank and civil society; and (ii) mechanisms for the Bank to further support and monitor Government-led consultations processes during project preparation and implementation. It will also include recommendations on establishing a system for proactive and time-bound responses to relevant complaints from communities, civil society, and the private sector.
- (iv) Within the broader context of the overall MNA effort described above, Management will develop a training program for CSOs in Yemen on economic reforms and Bank activities, in order to help strengthen the capacity of these entities to effectively participate in consultations. It is expected that the first session of this training program will be held by June 30, 2010.

### **Institutional arrangements for implementation of the Action Plan**

Implementation of this Action Plan will require significant efforts on a number of parallel fronts. To ensure adequate and effective follow up, MNA has assigned the MNA Development Effectiveness Unit the overall responsibility for oversight and a full-time, GG-level staff is being appointed for the coordination of the implementation of the proposed action plan and for providing bi-monthly status reports.

## Annex: Summary Matrix

<b>Table – Summary Updated Action Plan</b>	
<b>Proposed Actions</b>	<b>Status / Timeline</b>
<b>DIALOGUE WITH THE REQUESTERS</b>	
Provide translation of the PD to the Requesters and other interested stakeholders	Completed (June 2009)
Invite the Requesters to meet at their convenience with Bank representatives to inform them about plans for the translation and again, once the translation is ready, to discuss their concerns	Completed (May 30,2009; September 6, 2009)
<b>PARTICIPATION AND CONSULTATION IN MNA</b>	
Review the system to monitor effective compliance with the disclosure policy of PIDs, PADs, and PDs within the MNA Region	Review completed. Detailed instructions to implement recommendations by 31 October 2009.
Review translation practices in MNA for PIDs, PADs, and PDs with a view to gradually expanding the number of translated documents in a realistic manner	Review completed. Detailed instructions to implement recommendations by 31 October 2009 Clear progress in strengthening GSD Arabic Translation Unit capacity by March 31, 2010. Steady state operation of the strengthened GSD Arabic Translation Unit capacity by end 2010.
Review MNA websites and revamp Arabic websites, to facilitate access in Arabic to relevant Bank materials.	Revamping and first round of updates completed by June 30, 2010
Develop in each country a directory of CSOs, specifying their special niche and sector interest, which shall be targeted for consultation.	March 31, 2010
Issue an instruction by the RVP to MNA Country Directors / Country Managers to engage in a systematic effort aimed at strengthening outreach with relevant stakeholders where necessary and to report to Regional Management on a regular basis.	Instructions to be issued by October 31, 2009
Issue an instruction by the RVP to MNA staff to further raise awareness and disseminate good practices on consultations. Provide training to relevant Task Team Leaders and Task Team members as needed.	October 31, 2009
Develop in consultation with stakeholders (including CSOs), a series of training programs for stakeholders throughout the MNA Region (including CSOs) to improve their understanding of the reform programs and of their potential benefits, and of the role of the Bank and other agencies.	First training session delivered by June 30, 2010.



<b>Table – Summary Updated Action Plan</b>	
<b>Proposed Actions</b>	<b>Status / Timeline</b>
<b>IMPLEMENTATION OF THE IRDPG</b>	
Organize meetings between the Task Team and a cross-section of CSOs to discuss progress in implementing the measures supported under the IRDPG.	During each supervision mission.
Issue, disseminate in Yemen, and post on the internet a 1- to 2-page update note (in Arabic) on the status and progress of implementation.	Following each supervision mission
Work closely with CSOs which are directly involved, as actors, in the implementation of some of the measures supported under the IRDPG with a view to facilitating implementation of the operation.	Throughout supervision
Make particular efforts to reach out to entities which are representative of the parties that may be affected by the measures supported under the IRDPG.	Throughout supervision
<b>BANK PROGRAM IN YEMEN</b>	
Continue to hold bi-monthly meetings between the Country Office and a cross-section of CSOs to discuss Bank activities in Yemen.	Continuous
Emphasize with the Government (at Senior Management level) the importance of adequate consultation processes. Offer support to the Government in that process, including training and institutional strengthening as may be requested.	Importance of consultations to be highlighted during Annual Meetings 2009; Continuous afterwards.
Prepare a white paper on the stakeholders landscape and consultations for the Bank in Yemen, including: (i) mechanisms to further broaden and deepen interactions between the Bank and civil society; (ii) mechanisms for the Bank to further support and monitor Government-led consultations processes during project preparation and implementation; and (iii) a system for proactive and time-bound responses to complaints from communities, civil society and the private sector.	June 30, 2010
Develop a training program for CSOs in Yemen on economic reforms and Bank activities, in order to help strengthen the capacity of these entities to effectively participate in consultations.	First sessions of this training program held by June 30, 2010.

# **ANNEX B**

**International Bank for Reconstruction and Development  
International Development Association**

**PROGRESS REPORT  
TO THE BOARD OF EXECUTIVE DIRECTORS  
ON THE IMPLEMENTATION OF THE MANAGEMENT ACTION PLAN  
IN RESPONSE TO THE  
REQUEST FOR INSPECTION OF THE**

**YEMEN**

**INSTITUTIONAL REFORM DEVELOPMENT POLICY GRANT (IRDPG)  
(Grant No. H336-YEM)**

**June 21, 2010**

## **Abbreviations and Acronyms**

CSO	Civil society organization
EITI	Extractive Industries Transparency Initiative
GSD	General Services Department
IPN	Inspection Panel
IRDPG	Institutional Reform Development Policy Grant
MNA	Middle East and North Africa
PAD	Project Appraisal Document
PD	Project Document
PID	Project Information Document
TTL	Task Team Leader

1. **This report takes stock of progress made in implementing the Action Plan presented by Management to the Board on September 15, 2009**, in the context of the Request for Inspection, IPN Request RQ09/05, registered on April 20, 2009 (hereafter referred to as the “Request”), concerning the Republic of Yemen Institutional Reform Development Policy Grant (Grant No. H336-YEM) (hereafter referred to as the “IRDPG”) financed by the International Development Association. Specifically, the Requesters stated that: (a) the Bank Country Office in Sana’a refused to disclose information about the IRDPG and, in particular, to provide the Requesters with an Arabic translation of the IRDPG Program Document; (b) the Bank violated the principle of partnership with civil society; (c) implementation of the IRDPG would lead to soaring prices and to increased poverty in Yemen; and (d) timely disclosure of the IRDPG’s contents would have allowed civil society to help mitigate this impact. A detailed matrix is provided in the attached annex.

## **OVERALL IMPLEMENTATION**

2. **Overall, Management is satisfied that significant progress has been made on all key activities** which were part of the Action Plan. These included: (a) engaging a dialogue with the organization that submitted the Request (hereafter referred to as the “Requesters”); (b) strengthening MNA’s practices with regards to disclosure, translation, and consultations in line with applicable Bank policies; (c) monitoring risks associated with the implementation of the IRDPG in consultation with stakeholders; and (d) further strengthening relevant participation processes in support of the World Bank program in Yemen. The Region has allocated a substantial amount of budget resources to the implementation of the Action Plan.

3. **Management has also continuously engaged with the Requesters throughout the period.** This included consultations on IRDPG implementation and on the broader Bank program in Yemen. The Regional Vice President also had a private meeting and open exchange of ideas with the Requesters on November 8, 2009.

4. **It should be noted that the implementation of the Action Plan took place in a sharply deteriorating security environment.** This affected the timeline for implementation of some activities, especially during the period January–February 2010, when World Bank missions were suspended and key diplomatic missions temporarily closed following terrorist threats. This has also affected the ability of Bank staff to engage and consult with some Civil Society Organizations (CSOs) based outside of Sana’a as travel within the country remains restricted for security reasons. Finally, in view of the security risks, and on the basis of advice by the UN security system, the Bank had to adopt a “light footprint” approach in Yemen, which is somewhat at odds with the institution’s efforts to engage in a proactive communication campaign and to “open doors.”

## **DISCLOSURE, TRANSLATION, AND CONSULTATIONS IN MNA**

5. **Disclosure.** As per its commitment under the Action Plan, MNA reviewed its system to monitor compliance with the Bank’s Policy on Disclosure regarding Project Information Documents (PIDs), Project Appraisal Documents (PADs), and Project Documents (PDs) within the Region. Detailed instructions were issued by the Regional Vice President to all Task Team Leaders (TTLs) on October 31, 2009. A unit (MNA Development Effectiveness) was assigned the responsibility for monitoring disclosure and following up with task teams as needed. Each sector unit nominated a disclosure focal point in charge of monitoring compliance with applicable policies. A monthly monitoring table is now also shared with Regional Management. **As of June 8, 2010, MNA is in full compliance with its commitment to disclose information on its current portfolio of IBRD/IDA projects.**

6. **Translation.** Following a review of translation practices in MNA (including the World Bank MNA websites), translation of core operational documents (PIDs, PADs and PDs) into Arabic was made a requirement for all new operations in countries where Arabic is the main business language, and a new monitoring system was developed for the Region to keep track of this commitment. Detailed instructions were issued to that effect by the Regional Vice President on October 31, 2009. Focal points were appointed in each sector unit to support Task Teams and monitor compliance and issues. The Region also engaged with the Arabic Translation Unit in the General Services Department (GSD) in Washington and Cairo and in a meeting held on November 11, 2009 received assurances that GSD’s capacity to translate into Arabic would be increased as needed. **As of June 8, 2010,**

**all qualifying PIDs<sup>1</sup> in MNA were disclosed in Arabic and PADs are continuously being translated for ongoing operations (although at a slower pace, as it takes 8 weeks to translate such documents).** In parallel, MNA is continuing to translate and disclose operational documents in French in the Maghreb and Djibouti. In addition and as a rule, substantive consultations in Yemen are now carried out based on background documents made available to participants in Arabic, and with discussions held in Arabic (using interpretation as needed). A parallel effort has been completed to revamp MNA's Arabic-language websites and ensure their content is up to date. An initial analysis shows that, thanks to these efforts, visits to the Yemen Arabic website increased by 48.2 percent during the last 6 months, compared to the same period last year. It is noteworthy that 57 percent of the Yemen Arabic website users are based in Yemen, against 21 percent of the users of its English version.

7. **Consultations.** As per the commitment under the Action Plan, the Regional Vice President issued detailed instructions on October 29, 2009 to Country Directors, Country Managers and TTLs to strengthen outreach to civil society stakeholders. To date, directories of CSOs are available in all Country Offices for use by staff. In the case of Yemen, a customized survey was developed so as to identify new stakeholders to contact and update the directory; a total of 102 CSO representatives responded. In parallel, Country Directors and Country Managers have also engaged in a systematic effort to strengthen outreach.<sup>2</sup> In addition, a series of training sessions was held to disseminate good practices on consultations and strengthen effectiveness of project-level consultations: first for Washington-based TTLs (at Headquarters, in January and February 2010) with participation by 61 staff,<sup>3</sup> then for Country Office-based TTLs (in Beirut, during the May 17-19, 2010 Regional Operations Forum) with participation by 52 staff from all MNA Country Offices.

## **IMPLEMENTATION OF THE IRDPG**

8. **Meetings with CSOs during supervision missions.** As per the commitment under the Action Plan, the Task Team met with a cross-section of CSOs representing the main viewpoints within civil society to discuss IRDPG implementation progress during each supervision mission (September 6, 2009; November 4, 2009; December 16, 2009; January 31, 2010; April 7, 2010). These meetings were held in Arabic, on the basis of background documents and/or presentations in Arabic. On the Bank side, they were attended by the TTL (and often managers/directors). On the CSO side, there was an average participation of 10 to 15 persons representing as many organizations each time. At least one and sometimes two of the Requesters attended each of the IRDPG consultations and participated actively in discussions. This provided a useful forum for exchange of views and ideas with the Requesters and with a broader range of CSOs (some of whom had participated in consultations in the design phase of IRDPG, while others were engaging for the first time). Meetings initially focused on the IRDPG and concerns about its potential impact, as well as CSOs' views of the Bank and the Government. As these consultations progressed, discussions evolved from a simple exchange of views to the provision of substantive feedback and an active exploration of how CSOs and the Bank could better interact at a broader level (this resulted in a workshop on modes of CSO engagement in development project and public service monitoring and evaluation, held in January 2010).

9. **Work with CSOs involved in the implementation of IRDPG-supported measures.** Particular efforts were made to work closely with the CSOs that are involved in the Extractive Industries Transparency Initiative (EITI) component of the IRDPG. On October 19-20, 2009, a workshop – organized in partnership with Revenue Watch Institute and Publish What You Pay – gathered 30 participants (14 of which were from civil society) to discuss ways to raise the level of transparency in the management of extractive industries revenues (oil, gas and minerals). On February 15, 2010, a second (half-day) workshop was organized for civil society, together with the Yemen EITI Secretariat and the Human Rights Information and Training Center. The event was attended by 16 representatives from various nongovernmental organizations (NGOs), including the Requesters. Presentations included an overview of the EITI process in Yemen, global implementation status and key next steps for the EITI. Discussion focused on key issues facing civil society members under the EITI. Finally, on April 5-6, 2010, a two-

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<sup>1</sup> Qualifying documents are all documents for which a project Concept Note Review or any new documents were released since November 1, 2009 in Egypt, Gulf Cooperation Council countries, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Syria, West Bank and Gaza, and Yemen.

<sup>2</sup> E.g., during preparation of the Country Partnership Strategy, the Morocco Country Manager met on a monthly basis with CSOs; the Lebanon Country Director and the Tunisia Liaison Officer also met with CSOs and think tanks at several occasions.

<sup>3</sup> During FY10, there have been 71 TTLs in MNA.

day workshop focused on EITI best practices from around the world was organized, with speakers from Mauritania (Head of Mauritanian EITI and advisor to the Prime Minister) and Kazakhstan (Head of NGO EITI Coalition).

10. **Outreach to representatives of potentially affected parties.** Parallel efforts were made to reach out to entities that are representatives of the parties that may be affected by measures supported under the IRDPG, especially under the land titling and civil service components. The task team followed up on issues raised during these discussions (including questions relating to issues not directly supported under the IRDPG) and facilitated exchanges between CSOs and Government on these issues (e.g., with regard to the potential displacement of informal occupants of public lands under a possible systematic land registration effort).

## **BANK PROGRAM IN YEMEN**

11. **Regular meetings with CSOs.** As per the commitment under the Action Plan, the Country Office arranged frequent meetings with a cross-section of CSOs. Discussions were organized around specific activities in order to maximize the impact of each interaction. On average, two to three events were held each month, on topics as diverse as the new Social Welfare Fund operation,<sup>4</sup> the Integrated Urban Development project,<sup>5</sup> the Qat Demand Reduction Agenda,<sup>6</sup> and Climate Change.<sup>7</sup> The Requesters were invited to all of the events held in Sana'a.

12. **Advice to Government on consultations.** The Region's objective to emphasize the need for consultations in Yemen was met using two parallel tracks: first, the Region took advantage of every formal meeting of senior Management with the Yemeni authorities<sup>8</sup> to emphasize the importance of consultations and offer Bank assistance in this regard. Second, and as had also been previously done in December 2006, a letter was sent by the Country Director on December 15, 2009 advising Government to consult on several key thematic areas and Bank-supported activities<sup>9</sup> and offering help to do so; two missions visited Yemen (November 3-5, 2009 and December 12-15, 2009) to practically demonstrate the advice to that effect. In May 2010,<sup>10</sup> the Region took stock of the impact of this advice in an assessment note that will be shared with Government this month.

13. **Report on stakeholders' landscape and consultations.** The Region just finalized a paper on the stakeholders' landscape and consultations in Yemen, which includes an analysis of the key segments of civil society, to help refine the Bank's understanding of relevant stakeholders and their constituencies. The paper provides recommendations on mechanisms to further broaden and deepen interactions between the Bank and civil society, including in the context of Government-led consultations during the preparation and implementation of Bank-supported operations. It also includes options for establishing a feedback system for proactive and time-bound responses to inquiries and complaints from communities, civil society, and the private sector. The paper was developed based on, inter alia, consultation with a total of 166 CSO representatives in Sana'a, Aden, Ta'iz and Mukalla.<sup>11</sup>

14. **Training program for CSOs.** A training program on the new Access to Information Policy was delivered on May 8, 2010 to representatives of 43 CSOs. Other training sessions aimed at strengthening the capacity of CSOs in Yemen to effectively participate in consultations on economic reforms and Bank activities were also developed by task teams in the context of their respective projects.

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<sup>4</sup> Sana'a, October 18, 2009; April 10, 2010.

<sup>5</sup> Sana'a, October 2009.

<sup>6</sup> Mukalla, October 26; Aden, October 28; Dhamar, October 31; Sana'a, November 2, 2009.

<sup>7</sup> Sana'a, November 15-17, 2009 and May 10, 2010.

<sup>8</sup> This included a meeting with the Managing Director on October 6, 2009 and meetings with the Regional Vice President on November 6-9, 2009 and in April 2010.

<sup>9</sup> These included Climate Change, Anti-Corruption and Strengthening of the Social Welfare Fund.

<sup>10</sup> Mission of May 10-12, 2010.

<sup>11</sup> February, March and May 2010.

## LOOKING FORWARD

15. **Looking ahead, the Region will continue to deploy every effort to maintain a very strong focus on the issues of disclosure and translation;** and in particular translation into Arabic of PIDs, PADs, and PDs for new Bank-funded projects (in countries where Arabic is the main business language).

16. **The Region is equally committed to helping create an environment that is conducive to effective consultations** between Governments and CSOs where possible in the Region. MNA staff will in particular continue to provide country-tailored advice to the authorities as may be necessary / relevant and the Region plans to expand its training program for CSOs across the region.

17. **A particular effort will be made to maintain and further enhance consultations around the implementation of the IRDPG** until its closing date (in December 2010).

18. **A parallel effort will be made to ensure that adequate consultations continue to take place in Yemen, building on lessons learned under the Request.** In particular, the Bank is currently considering (among other options) to provide support to Yemen through a new DPG, assuming the successful completion of negotiations on an IMF program. If a decision is made to proceed in this direction, the Bank will formally advise the Government to consult with CSOs on the program of reforms to be supported under the DPG, even before the Concept Note review (and will provide technical support to that effect). The Bank will also prepare a Country Assistance Strategy Progress Report in FY11 and will pay particular attention to adequately consulting with CSOs in that process. The Bank will also continue to consult on other relevant activities.

19. **The Regional Vice President sent to the region, on June 21, 2010, a message updating staff on progress in implementing the Action Plan and reiterating the importance of sustaining efforts and accomplishments under the Action Plan.**



**ANNEX 1**  
**SUMMARY UPDATED ACTION PLAN**

PROPOSED ACTIONS	STATUS / TIMELINE
<b>DIALOGUE WITH THE REQUESTERS</b>	
<b>Provide translation of the PD to the Requesters and other interested stakeholders.</b>	Completed (June 2009). Requesters acknowledged receipt of this translation.
<b>Invite the Requesters to meet at their convenience with Bank representatives to inform them about plans for the translation and again, once the translation is ready, to discuss their concerns.</b>	Completed (May 30, 2009; September 6, 2009). Requesters also met with the Regional Vice President (November 8, 2009). They were systematically invited to relevant events held in Sana'a.
<b>PARTICIPATION AND CONSULTATION IN MNA</b>	
<b>Review the system to monitor effective compliance with the disclosure policy of PIDs, PADs, and PDs within the MNA Region.</b>	Review completed. The Regional Vice President assigned the Development Effectiveness Unit the responsibility for monitoring regional compliance. Detailed instructions to implement recommendations were issued on October 31, 2009. A Disclosure and Translation Monitoring table is now shared on a monthly basis with Regional Management. Each Sector has nominated a disclosure focal point to assist the Region in following up on its commitment. <b>As of June 8, 2010, MNA is in full compliance with its commitment to disclose information on its current portfolio of IBRD/IDA projects.</b>
<b>Review translation practices in MNA for PIDs, PADs, and PDs with a view to gradually expanding the number of translated documents in a realistic manner.</b>	Review completed. The Regional Vice President assigned the Development Effectiveness Unit the responsibility for monitoring regional compliance. Detailed instructions were communicated to MNA staff on October 31, 2009. The above mentioned monthly Disclosure and Translation Monitoring table is also shared each month with the GSD Translation Units in Washington and in Cairo so as to ensure maximum responsiveness to the Region's translation requests. Each Sector's disclosure focal point also serves as translation focal point to assist the Region in following up on its commitment. <b>As of June 8, 2010, all qualifying PIDs in MNA were disclosed in Arabic and PADs are continuously being translated for ongoing operations (although at a slower pace, as it takes 8 weeks to translate such documents).</b>
<b>Review MNA websites and revamp Arabic websites, to facilitate access in Arabic to relevant Bank materials.</b>	Review conducted in July 2009, followed by a major revamp of MNA's Arabic-language websites to facilitate access in Arabic to relevant Bank materials, including project documentation and analytical work. This exercise was completed in August 2009 for Yemen. A first round of updates was posted in August 2009 and the second round in October 2009. An initial analysis shows that, thanks to these efforts, visits to the Yemen Arabic website increased by 48.2 percent during the last 6 months, compared to the same period last year. It is noteworthy that 57 percent of the Yemen Arabic website users are based in Yemen, against 21 percent of the users of its English version.
<b>Develop in each country a directory of CSOs, specifying their special niche and sector interest, which shall be targeted for consultation.</b>	To date, directories of CSOs are available in all Country Offices for use by staff. In the case of Yemen, a customized survey was developed so as to identify new stakeholders to contact and update the directory; a total of 102 CSO representatives responded.
<b>Issue an instruction by the Regional Vice President to MNA Country Directors / Managers to engage in a systematic effort aimed at strengthening outreach with relevant stakeholders where necessary and to report to Regional Management on a</b>	Instructions were issued on October 29, 2009. Country Directors and Country Managers have also engaged in a systematic effort to strengthen outreach.

PROPOSED ACTIONS	STATUS / TIMELINE
<b>regular basis.</b>	
<b>Issue an instruction by the Regional Vice President to MNA staff to further raise awareness and disseminate good practices on consultations. Provide training to relevant TTL and Task Team members as needed.</b>	Instructions and supporting materials issued on October 30, 2009. A series of training sessions was held to disseminate good practices on consultations and strengthen effectiveness of project-level consultations: first for Washington-based TTLs (at Headquarters, January 12-14, February 2-4, 2010) with participation by 61 staff, then for Country Office-based TTLs (in Beirut, during the May 17-19, 2010 Regional Operations Forum) with participation by 52 staff from all MNA Country Offices.
<b>IMPLEMENTATION OF THE IRDPG</b>	
<b>Organize meetings between the Task Team and a cross-section of CSOs to discuss progress in implementing the measures supported under the IRDPG.</b>	During each supervision mission, the Task Team met with a cross-section of CSOs representative of the main viewpoints within civil society, to discuss progress in implementing the measures supported under the IRDPG and concerns CSOs may have regarding the impact of these measures on the poor. An invitation was systematically extended to the Requesters. The TTL met CSOs in September, November and December 2009, and January and April 2010.
<b>Work closely with CSOs directly involved, as actors, in the implementation of some of the measures supported under the IRDPG with a view to facilitating implementation of the operation.</b>	Particular efforts were made to work closely with the CSOs involved in the EITI component of the IRDPG. On October 19-20, 2009, a workshop – organized in partnership with Revenue Watch Institute and Publish What You Pay – gathered 30 participants to discuss ways to raise the level of transparency in the management of extractive industries revenues (oil, gas and minerals). On February 15, 2010, a second (half-day) workshop was organized for civil society, together with the Yemen EITI Secretariat and the Human Rights Information and Training Center. The event was attended by 16 representatives from various NGO groups, including the Requesters. Presentations included an overview of the EITI process in Yemen, global implementation status and key next steps for the EITI. Discussion focused on key issues facing civil society members under the EITI. Finally, on April 5-6, 2010, a two-day workshop focused on EITI best practices from around the world was organized, with speakers from Mauritania and Kazakhstan.
<b>Make particular efforts to reach out to entities which are representative of the parties that may be affected by the measures supported under the IRDPG.</b>	The Task Team made particular efforts to reach out to entities representative of the parties that may be affected by the measures supported under the IRDPG, in order to discuss concerns they may have on these measures (including land titling and civil service reform components).
<b>BANK PROGRAM IN YEMEN</b>	
<b>Continue to hold bi-monthly meetings between the Country Office and a cross-section of CSOs to discuss Bank activities in Yemen.</b>	The Country Office continued to hold regular meetings with a cross-section of CSOs in Yemen, representative of the main viewpoints within civil society, to discuss Bank activities in the country. Topics included the new Social Welfare Fund, the Integrated Urban Development project and the Qat Demand Reduction Agenda, among others.
<b>Emphasize with the Government the importance of adequate consultation processes. Offer support to the Government in that process, including training and institutional strengthening as may be requested.</b>	Regional Management continued to emphasize with the Government (at both senior Management and working levels), the importance of ensuring adequate consultations with stakeholders in the formulation of the country's development program and in the design and implementation of critical reforms, during the 2009 Annual Meetings (Oct 2009) and throughout the year, as an essential part of the country dialogue. This emphasis was reiterated during the Regional Vice President's visits to Yemen (November 2009, April 2010). An assessment of the Government's use of consultation processes was also carried out in May in the context of the Anti-Corruption, Climate Change and Social Welfare Fund activities.
<b>Prepare a white paper on the stakeholders landscape and consultations in Yemen</b>	Management has prepared a paper on the stakeholders' landscape and consultations for the Bank in Yemen. This paper includes: (i) detailed information and contacts on CSOs; (ii) an analysis of the key segments of civil society, with a view to helping refine the Bank's understanding of relevant stakeholders and their constituencies; and (iii) options for mechanisms to further broaden and deepen interactions between the Bank and civil society and

PROPOSED ACTIONS	STATUS / TIMELINE
	for the Bank to further support and monitor Government-led consultations processes during the preparation and implementation of Bank-supported operations. The paper also includes options for establishing a feedback system for proactive and time-bound responses to inquiries and relevant complaints from communities, civil society, and the private sector.
<p><b>Develop a training program for CSOs in Yemen on economic reforms and Bank activities, in order to help strengthen the capacity of these entities to effectively participate in consultations.</b></p>	<p>Training programs aimed at strengthening the capacity of CSOs in Yemen to effectively participate in consultations on economic reforms and Bank activities are developed by Task Teams in the context of their respective project. In parallel to these efforts, other sessions introducing the Access to Information Policy have started to take place (Yemen, May 8, 2010, with representatives of 43 CSOs) and are planned for Morocco (June 24, 2010) and Egypt (August), in parallel with the Financial Management Capacity Building session offered to NGOs in both countries.</p>

# **ANNEX C**

**Yemen**  
**Inspection Panel Case**  
**Responses to Questions from the Requesters and the Inspection Panel**  
**September 2010**

- **The Requesters would like to know whether or not the Bank acted on remarks submitted by civil society organizations (the Requesters indicate that they “cannot be sure or absolutely certain that observations and views expressed by civil society during consultations are translated into reality and actually adopted by the Bank or are merely a formality”):**

Stakeholder consultations, when properly organized, have improved the quality of policy-making and project design, positively influenced the direction of country programs, strengthened national ownership of key reforms, and contributed to the promotion of public-sector transparency and accountability. The Bank therefore encourages borrowers to consult with wider civil society and to involve them, as appropriate, in Bank-sponsored activities, including economic and sector work and all stages of project processing, implementation, and monitoring and evaluation. In this regard, the Country Director for Djibouti, Egypt and Yemen sent a letter on December 15, 2009, advising Government to consult with stakeholders on several key thematic areas and Bank-supported activities (these include Climate Change, Anti-Corruption and Strengthening of the Social Welfare Fund) and offering help to do so. In this regard, two missions visited Yemen (November 3-5, 2009, and December 12-15, 2009) to reiterate these messages and to concretely support the Bank's advice for Government-led consultations on operations that the Bank supports. In May 2010, the Region took stock of the impact of this advice in an assessment note that was shared with Government in June 2010.

Consultations with civil society and beneficiaries in Yemen informed the design of projects such as the Integrated Urban Development Project and the Second Port Cities Development Project. The World Bank office in Sana'a organized a consultation meeting on January 18, 2009, with Civil Society Organization representatives to discuss and share comments on the Higher Education and Quality Improving Project (HEQIP), a new World Bank project.

With respect to IRDPG, the Bank has reminded the Government on each supervision mission of its obligation to consult civil society on the IRDPG. It has done this both through direct discussions and through its aide memoires. The aide memoires briefly characterized the subject of discussions with civil society from each supervision mission.

Specific issues raised in the Bank's consultations with civil society have been raised with Government counterparts and the outcome of some of these conversations was brought back to subsequent consultations. One example is an early claim that hundreds of thousands of Yemenis would be displaced by the land registration law. This was discussed with GALSUP and the Deputy Chairman assured the Bank that the Government's policy was to not displace any of these citizens from their land. Another example related to the EITI process where civil society was frustrated with the lack of

progress and perceived backtracking on agreements reached in the EITI Council. The Bank raised these concerns and frustrations repeatedly with counterparts. However, many of the concerns were related to actions not yet taken by Government, including the potential impact of legislation that was still pending. Some of the concerns related to the slow implementation of certain measures and these concerns coincided with Bank concerns. The Bank has communicated clearly to Government the urgency of reform progress, including through special visits by its Vice President, Country Director, Sector Director and other senior managers.

- **With respect to Para. 14 of the Management’s Progress Report, which indicates that “*other training sessions aimed at strengthening the capacity of CSOs in Yemen to effectively participate in consultations on economic reforms and Bank activities were also developed by task teams in the context of their respective projects,*” the Requesters assert that such courses have not been offered yet.**

Although not systematically called “*training sessions,*” a number of events, aimed at strengthening the capacity of CSOs to effectively participate in consultations on economic reforms and Bank activities, were developed and offered to relevant CSOs in the context of the Yemen IRDPG (e.g., December 16, 2009, and January 31, 2010, training sessions on M&E), in which the Requesters participated. World Bank experts were mobilized to participate in these sessions and detailed materials were distributed in Arabic translation. The IRDPG team hopes to organize a further training event later this year on two participatory monitoring techniques discussed in these sessions -- Citizen Report Cards and Community Scorecards.

Within the context of the IRDPG, as was mentioned in the Management’s Progress Report, three training sessions were organized. The first was on raising the level of transparency in the management of extractive industries revenues (oil, gas and minerals) (Oct. 19-29, 2009); the second was to give an overview of the EITI process in Yemen, global implementation status and key next steps for the EITI (February 15, 2010, - half-day); and the third was on EITI best practices from around the world (i.e. Mauritania and Kazakhstan) (on April 5-6, 2010).

In addition, a meeting with CSOs on June 29, 2010, at the Bank’s premises in Sana’a, explained the status of IRDPG supported reforms, led to a discussion of the reform program likely to be supported by the new DPG, and CSO policy preferences as well as information on and an exchange of general policy issues, including the Friends of Yemen process, which was highly appreciated by the CSO representatives present.

- **The Requesters look forward to continue to work with the Bank on the next DPL or any other opportunity:**

In line with the World Bank’s Operational Policy OP 8.60 for Development Policy Operations, Para. 6, the Bank does not conduct direct consultations on specific Government programs, but instead: (i) advises borrowing countries to consult with and engage the participation of key stakeholders in the country in the process of formulating

the country's development strategies, as part of its country dialogue, (ii) staff describe in the Program Document the country's arrangements for consultations and participation relevant to the operation, and the outcomes of the participatory process adopted in formulating the country's development strategy, and (iii) the Bank makes available to the public relevant analytic work it has conducted, particularly on poverty and social impacts and on environmental aspects, in line with the Bank's disclosure policy. In following this Bank policy, the Bank met with MoPIC on May 12, 2010, as part of the DPG identification mission and advised Government to consult on its reform program. This advice was reiterated in a letter that the Bank sent to MoPIC on July 1, 2010. During a DPG preparation mission (August 1-8, 2010), the Bank collected and documented information on Government-led consultations relevant to the DPG, which the Bank is in the process of summarizing in the Program Document currently being prepared.

- **The Requesters would like to get more information about the upcoming donor meeting(s) and Friends of Yemen event(s), and hope that the Bank will help - to the extent possible - in disclosing the contents of agreements of such meetings:**

The next Friends of Yemen meeting is expected to be co-hosted by the Government of Yemen and the Government of the United Kingdom, and to take place in New York on the sidelines of the United Nations General Assembly on September 24, 2010. The Requesters may wish to contact their authorities for further information on the event, as this is not an event organized by the World Bank.

- **In addition to the above questions which were raised by the Requesters, in response to the Management's Progress Report, the Inspection Panel raised the following question during its meeting with the Bank management and staff on August 2, 2010. The Panel asked about the impact of reforms in the context of IRDPG and the mitigating responses, with reference to Para. 10 of the Management's Progress Report:**

The IRDPG Program Document (PD) refers to a "*potential negative impact of land registration for the poor and powerless,*" particularly regarding "*large-scale, systematic land-titling initiatives that have sometimes dispossessed the poor of land to which they held traditional tenure or on which they were squatting. The IRDPG does not envision or support such a program and the team is not aware of any Government plans to implement one.*" In the Letter of Development Policy (LDP), the Government stated that it intends to take measures to mitigate the impact of the new land titling system on poor people, and women in particular, who might not possess the adequate means and resources to access formal registration (IRDPG PD, p. 33 and p. 35). Since the land registration law had not been approved by Parliament as anticipated, there has been no action on this regard (the approval of the law is not a trigger, but the issuance of executive regulations on the new law is in the policy matrix. The land registration law in theory creates the basis for systematic land registration, and it was (and remains) the intention of the World Bank to mobilize appropriate international expertise to assist Government in the drafting of good practice executive regulations to assure that customary rights and the rights of the poor are safeguarded.

A second social concern raised by the operation concerns the reform of the corporate income tax. In this regard, it must be noted that the reach of the corporate income tax system is not broad, leaving most poor people outside its ambit. On the other hand, many of the key beneficiaries of the existing system's exceptions are influential and/or well-financed investors. In the LDP, Government commits to monitoring the impact of reforms on vulnerable groups, so that any negative impact can be addressed by appropriate safeguards (IRDPG PD, p. 35). The Income Tax law was approved with a threshold for individual taxation that should exclude low income wage earners. However, the provisions of the law are under review now by a World Bank Group team. Once the executive regulations are issued, the Bank intends to remind the Government of its commitment to monitor the impact of reforms on vulnerable groups, and to discuss its plan for doing so.

Finally, the IRDPG identifies the potential risk for distributional impact regarding the public administration reform component, which includes the retrenchment of civil servants. The government intends to mitigate this impact by giving employees two options: a retrenchment package (estimated on average at roughly seven years of salary (i.e. US\$ 11,000 per person) or a pre-retirement package, which provides them their last year's salary in perpetuity (without allowances). On average, public employees who have been terminated through the civil service fund appear to have lost 13 to 15 percent of their purchasing power as a result of retrenchment/pre-retirement. Those individuals who have opted for the packages seem to be able to maintain an adequate level of income just from the interest that banks will provide on the package. It appears therefore that the overall retrenchment scheme, through generous benefits, substantially mitigates its potential risk to create poverty.

The project requires full budgetary commitment to fund these benefits. In the LDP, Government commits to "*maintain the severance payments at levels that will ensure adequate compensation to retrenched employees and establish a monitoring system to follow up on their economic and social status afterwards*" (IRDPG PD, p. 36). It should be noted that a negligible number of retrenched employees have opted for the retrenchment package, with nearly all opting for the early retirement/pension package. Since this benefit is set at their final level of salary, it should assure comparable compensation. Monitoring did take place during the 2007-8 period covered by the first tranche actions. The Bank continues to remind Government of its commitment to monitoring and follow-up.