



World Bank Board Discusses Inspection Panel Eligibility Report for Institutional Reform Program for the Yemen Arab Republic

Washington, D.C., September 17, 2009 - On Tuesday September 15, 2009, the Board of Executive Directors of the World Bank discussed the Eligibility Report for an Inspection Panel case concerning the "Institutional Reform Development Policy Grant" (IRDPG) to the Yemen Arab Republic. The Request for Inspection was made by two residents of Sana'a, Yemen, on their own behalf and on behalf of the Yemen Observatory for Human Rights, a nongovernmental organization that addresses issues of human rights, transparency and governance in Yemen. The Request concerned the availability of documents in Arabic, adequacy of consultations and potential impacts from the reform program.

The IRDPG's aim is to facilitate private sector-led economic growth by supporting tax reforms designed to lower the corporate income tax rate in parallel with removing arbitrary exemptions that currently result in a low effective rate. It will also support implementation of a new procurement law, to strengthen transparency and effectiveness of public procurement. The IRDPG will, among other actions, strengthen oil sector transparency by supporting Yemen's accession to the Extractive Industries Transparency Initiative (EITI). The Program is a \$51 million two-tranche operation that was approved in November 2007, based on the Third National Development Program for Poverty Reduction (DPPR) that was prepared through a consultative process between the end of 2004 and mid-2006.

The Inspection Panel presented its Eligibility Report and recommendation to the Board on June 19, 2009. The Inspection Panel 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. The Inspection Panel also determined, however, that issues on consultation and participation remained, and recommended an investigation on these issues.

In advance of Tuesday's Board discussion, which was requested by an Executive Director in July, Bank Management submitted a significantly enhanced action plan to address these remaining important issues and the broader issue of consultation in Yemen, as appropriate within the framework of applicable Bank policies. Based on this enhanced action plan, and the Requesters' expressed interest in implementation of enhanced actions, the Inspection Panel proposed to defer its recommendation to investigate, as it has done in some similar past cases, in order to promote this opportunity to address concerns raised in the Request.

The Board agreed with the Inspection Panel's proposal to defer its recommendation to investigate and welcomed Bank Management's commitment to report on progress in the implementation of the enhanced action plan by June 2010, after which the Inspection Panel will recommend to the Board whether an investigation is warranted based on its independent review of the situation.

The Board members welcomed this constructive approach by the Inspection Panel and Bank Management and indicated the importance of implementing the actions proposed. The Board further noted the importance of the Inspection Panel process in enhancing the accountability of the institution, and in bringing important issues of consultation, participation and translation to the attention of the Board. A healthy part of effective oversight by the World Bank, as a shareholder-owned institution, includes the Board's interest in and engagement with the work of the Inspection Panel, which is an independent accountability mechanism reporting directly to the Board.

Media Contacts:

Inspection Panel

Luis Schunk

Email: @worldbank.org

Tel: +1 202 458- 5200

World Bank

Najat Yamouri

Email: nyamouri@worldbank.org

Tel: + 1 202 458-1340

For more information, please visit on the Inspection Panel, please visit:

www.inspectionpanel.org

For more information about the Institutional Reform Development Policy Grant,

Please visit this [page](#)