

*Ministry of Planning and International Cooperation
Economic Studies and Forecasting Sector
Aid Harmonization & Alignment Unit in MoPIC*

*National Reform Agenda
(Phase Two)
2008-2010*

Introduction:

National Reform Agenda 2006-2010 (second generation) is aiming at developing an overall national vision fulfilling requirements of economic, social and political reality and translates improvement and modernization aspects in light of available resources, capacities and opportunities generated by national economy dynamics and its interaction with regional and international economies.

National Reform Agenda is based on adopting initiatives and propose policies and interventions in various economic administrative, political and social aspects and dimensions aiming at addressing problematic issues and challenges impeding growth and improvement in these sectors. The aim is to enable Yemen overcoming these challenges and moving into fast and balanced growth path that is sustainable within a framework of broad and active social and political participation.

1. Main objective of the NRF

The main objective of the NRF 2008-2010 is to create necessary conditions and requirements for hastening economic growth to attract local and foreign investments, improve living conditions, creation of new employment opportunities, improve good governance system to ensure wider social and political participation, ensure rights and freedoms, strengthen transparency and accountability principles, upgrade efficiency if state body and ensure wider participation of women.

Specific Objectives:

Within the general framework, the NRF aims ate setting specific objectives to be monitored, implemented and followed up within a fixed time frame. These objectives are as follows:

1. Catalyze economic growth to achieve higher and sustainable growth rates contributing in combating unemployment and poverty reduction.
2. Improve efficiency and effectiveness of government administrative body, enhance transparency and accountability at the level of central and local authorities.
3. Broaden opportunities of political, economic and social participation of civil society organizations including enhancing the developmental role of local authorities to achieve rural development.
4. Expand development cooperation fields with international development partners.

2. NRA Preparation Methodology

In light of progress indicators and achievements made in implementing reforms agenda during 2006-2007, the second generation of the reforms agenda was developed. the following steps were pursued:

1. Stakeholders reviewed and evaluated reforms accomplished during 2006-2007.
2. Based on achievements, stakeholders made proposals for initiatives and policies to be achieved during the period 2008-2010.
3. Ministry of Planning and International Cooperation reviewed reforms proposed by agencies and aligned them with the Third Socio-Economic Plan for Poverty Reduction 2006-2010 and MDGs.
4. Revise the matrix and produce it in a consistent and related manner.
5. The matrix encompasses priority reforms and leaving detailed procedures to executive procedures matrix of concerned agencies.
6. Matrix timeframe was defined to be 2008-2010 with giving more flexibility in identifying and implementing reforms. Nature of interventions and reforms to be implemented will be defined on annual basis.

3. Reforms implemented during 2006-2007:

The government implemented during the last period a broad package of reforms under National Reforms Agenda. These reforms covered various fields and approaches aiming at strengthening good governance component, improving macroeconomic and sectoral performance, boost confidence with donors, develop political participation, improve freedom of press and media and increase the role of local authorities in socio-economic life. Key reforms are highlighted as follows:

3-1 Judiciary and its independence

Based on the principle of separating between powers, several legislative and executive reforms were undertaken. With regards to legislations, article 104 of the judicial authority law was amended to ensure independence of judiciary. Pursuant to this amendments, presidency of the supreme judicial council was segregated from the Presidency of the Republic. Chairman of the Supreme Court became the Chairman of the Supreme Judicial Council. This Council currently enjoys full financial and administrative autonomy. Organizational regulation of the Supreme Judicial Council was enacted by decree of President of the Republic No. 17 of 2006. Moreover, and for the purpose of strengthening legislative framework and institutional building of the judiciary, draft laws such as new law for the High Judicial Institute, draft law of commercial arbitration, proposed amendments to the civil procedures and

execution law, draft executive regulation for the law of general provisions of violation and proposed legal amendments to the law of juveniles and children were prepared. Reforms in judicial side also covered several procedures aiming at activating the role of judicial inspection in the control and inspection of judicial activities, appraisal of performance, modernize the High Judicial Institute, enhance its role in qualifying judges in addition to expanding and strengthening the role of specialized judiciary especially commercial judiciary to provide a safe environment for investment and expand the usage of information systems and databases in judicial operations. This is in addition to empowering women in judiciary based on the principle of equal opportunities by appointing a female judge as a member of the Supreme Court for the first time in the history of judiciary. A woman was also appointed as a chairperson for Aden province prosecution. Several other women were also appointed as heads for juvenile courts and in some prosecution offices.

3-2 Administrative reforms

Administrative reforms were predominantly focused on civil service modernization. The study for the government mandate along with defining roles and functions to be retained by the government and those to be relinquished to private sector and civil society organizations were identified. Restructuring and reengineering of pilot agencies such as the Ministry of Civil Service and Insurance, Tax Authority and Customs Authority. As for upgrading efficiency of government agencies in managing their human resources, laws were reviewed and systems and policies were prepared in the field of human resources. This includes the Pensions and Insurance Law No. 25 of 1991 and the Insurance Law No. 26 of 1991. Two resolutions from the Cabinet (Nos. 287 and 289 of 2007) were also issued imposing strict controls on recruitment, transfer, secondment and contracting with employees. Movements between public service units and administrative units were organized. This is in addition to preparing and applying appointment system in public jobs.

With regards to reforming wages, salaries and jobs system, first phase of the National Wages and Salaries Strategy and law No. 43 of 2005 regarding jobs, wages and salaries system were completed. A number of Cabinet resolutions were issued in this respect regarding granting work nature allowances for those occupying educational and health posts. Moreover, second phase of the national wages and salaries strategy was commenced in October 2007. Building of central, main and distributed databases was completed. Biometrics system is being applied on all employees and retirees in all service units and pension funds. Number of government employees is being retrenched by removing duplicate and ghost workers from payrolls and referral to retirement of more than 15 thousand employees considered as redundant staff.

The years 2006-2007 also saw undertaking various actions in the area of civil service modernization. In particular, actions were taken to upgrade government institutional capacities in organizations, human and material aspects. Simplification of

government services provision to citizens and investors was also done. It implies the access to information and services using simplified procedures and clearly defined deadlines.

3-3 Economic and Financial Reforms and Improvement of Investment Climate

Within the framework of improving national economy management, especially public resources, the Council of Ministers approved the Public Finance Management Reform Strategy. The goal of the strategy is to reform the public budget system, lay favorable and sustainable foundation for macroeconomic policies, improve budget execution procedures and reform tenders and procurement system. A mechanism for indicative ceiling development upon circulating budget instructions was adopted. All data and information as well as plans and programs on which budgets of agencies are built are requested upon discussing these proposals. Guides for the General Sales Tax Law were published and distributed to taxpayers. Assessment system for GST taxpayers was activated. As for legislative area, proposed amendment to customs law No. 14 of 1991 was developed as long an amendment to the income tax law No. 31 of 1991.

This period also witnessed the completion of phase one of simplifying and facilitating procedures for starting up businesses. Trade sector efficiency project was also undertaken by support from the UNDP. The project engulfs automation of activities and procedures of this sector. It also includes conducting several studies to improve investment climate and start applying the one-stop-shop system for all trade transactions and services. This is in addition to improve industrial and commercial legislations and regulations. The aim is to cope with local, regional and international developments. Several laws were passed, namely; domestic trade law, foreign trade law, executive regulation of competition promotion and monopoly prevention law, proposals for amendment of some commercial register articles, draft law for commercial names and commercial register law.

3-4 Custom and Tax Reforms

The automated customs system "ASYCUDA" was installed and operated in all main custom ports and most secondary ports. Customs service manual was prepared serving all those dealing with the Customs Authority. This in addition to continuing improving the tax administration by establishing a committee for the organizational structure of the Tax Authority and the completion of the network connection between Tax Authority headquarters and its offices in governorates for the purpose of easing the process of issuing Tax Identification Numbers for taxpayers. A network connection was also made with the Customs Authority to simplify the process of obtaining custom data on taxpayers.

3-5 Anticorruption and Protection of Public Funds

The years 2006-2007 saw various reforms aiming at strengthening legal, organizational and institutional framework to curb corruption and protect public funds

through passing several laws including financial disclosure law, anticorruption law and government tenders and procurement law. Besides that, necessary institutional framework for implementation of these laws was established. A Supreme National Authority for Combating Corruption was elected as an independent national agency for combating corruption. An independent High Tender Board was also formed. This period also witnessed Yemen joining the Transparency Initiative in Extractive Industries, launching national awareness campaign for anticorruption and approving national public procurement manual as well as guiding documents and standard bidding documents. Initial steps for restructuring and reengineering the Central Organization for Control and Auditing were taken. The aim is to enhance the role of COCA in combating corruption. The Ministry of Planning and International Cooperation developed a draft national policy for external aid as a legal framework to guide, coordinate and manage external loans and assistance.

3-6 Local Authority

For the purpose of enhancing developmental role and strengthening financial and administrative autonomy of local authorities, local authority law No. 4 of 2000 was amended allowing the election of governors and district managers. The amendment also enables local councils of approving development plans, final annual accounts, implementing development programs, manage projects and exercise control and monitoring role over executive staff. It also augments financial resources of local authorities. Decentralization support and local authority development strategy was completed by support and assistance from donors and development partners of Yemen.

3-7 Press and publications

Proposed amendments to law No. 25 of 1990 regarding press and publication were prepared. Discussion of these proposals and amendments is ongoing. The new proposed law articulates on freedom of press and easy access to information. Meanwhile, it enshrines protection of journalist rights and non-targeting them for their opinions. Journalist imprisonment penalty is also abolished.

3-8 General Elections

Reforms undertaken covered the issue of establishing a regional center for electoral training in cooperation with international organizations and donors interested in democratic affairs in our country. Coordination and follow up with the Ministry of Education and Adult Illiteracy Eradication Organization were made to incorporate electrical education materials in public education and illiteracy eradication curricula. This is for the purpose of raising awareness of democratic process and electoral experience. A database for political parties and civil society organizations concerned with democracy and elections was initiated. These organizations participate also with the Supreme Elections Commission in its activities for education and observation over the electrical process.

4. Future reforms 2008-2010

Matrix of future national reforms 2008-2010 focuses on five key areas, as follows:

Area One: Judicial Reforms

The overarching goal is to improve judicial system and strengthen independence of judiciary through a number of policies and procedures including, inter alia, enhancing legislative framework, institutional and organizational building of judiciary, activating the role of judicial inspection, enhance and strengthen the role of specialized judiciary, expand usage of information systems and databases in judicial activities, increase women participation in administrative and judicial posts and improving infrastructure of judiciary.

Area Two: Administrative reforms and civil service modernization through implementing the national civil service modernization strategy. It covers various policies and procedures such as: review the government mandate, build organizational and functional structure of the state to be consistent with new roles and functions and enhance cooperation and integration among government agencies and units, finalize implementation of biometrics system for all employees and retirees, rationalize government employees, strengthen training capacity of government institutions, simplify procedures provided to the public and investors, commence e-government system, prepare and apply rotation system in public jobs and improve efficiency and effectiveness of human resources management in government agencies.

Area Three: Deepen financial and economic reforms and improve investment and business climate through adopting future reform policies and procedures in a number of subareas related to macroeconomic performance, macroeconomic, financial, monetary, external and investment policies. The matrix will focus in this area on the aspects of empowering national economy growth, reforming public budget management, rationalizing public spending, leveraging public revenues, reforming monetary sector, reforming external trade sector, poverty reduction policies, customs reforms, tax reforms, improving investment climate, easing business performance and enhancing regional and international economic integration.

Area Four: Anticorruption and enhancing transparency and accountability. This area will focus on strengthening legal, organizational and institutional framework to fight corruption and protect public funds via undertaking a package of reforms. These reforms include: enhance human and institutional built-up of the Supreme National Authority for Combating Corruption, prepare a national anticorruption strategy, increase participation of civil society, unions and local councils in anticorruption and protection of public funds. This is in addition to implementing financial disclosure law and the Transparency Initiative in Extractive Industries as well as establishing an information system for protection of public funds and anticorruption, a record for

corruption cases nationwide. This record is to cover companies and public employees involved in corruption practices. Monitoring role of the parliament and the Shura council shall be boosted and a national integrity alliance is to be set. Performance of the Central Organization for Control and Auditing shall be improved as a pivot institution for combating corruption, strengthening accountability and transparency.

Area Five: Improve good governance system via implementing reform policies and actions in relevant areas and sectors. These policies include: expanding political partnership, development infrastructure and work mechanisms of the Supreme Elections Commission to guarantee its transparency and neutrality, support rights and freedoms, improve press and publishing law, enhance developmental role and financial and administrative autonomy of local authorities, move towards appropriate formula of local authority and widen women participation in economic and political live.

5. Proposed institutional work mechanism to implement national reforms matrix 2008-2010:

Implementation of reforms under national reforms matrix 2008-2010 with its different areas requires dynamic and continuous working mechanism ensuring harmonization of actions of different government agencies with its development partners whether being local partners, regional or international donor organizations. Institutional working mechanism is as follows:

1. Higher Ministerial Committee:

Formed by a cabinet decree and chaired by the Deputy Prime Minister for Economic Affairs Minister of Planning and International Cooperation. Members of the Committee are: Ministers of Finance, Industry and Trade, Civil Service and Insurance, Justice, Legal Affairs, Information, Interior and the Supreme National Authority for Combating Corruption. Tasks of the Committee are:

1. Oversee implementation progress of National Reforms Agenda
2. Approve different action plans and programs with relevant agencies
3. Approve reports submitted by reforms team before further submission to higher levels for endorsement
4. Hold consultative and coordination meetings with donors and local partners for smooth implementation of the matrix
5. Provide necessary financial resources and technical support for the process of monitoring and following up implementation.

2. National Reforms Team

Established by the Deputy Prime Minister and Minister of Planning and International Cooperation. The team shall be located at the Ministry of

Planning and International Cooperation. Tasks and functions of the team are defined by the High Ministerial Committee and it assumes in particular:

1. Proposing action plans and detailed programs for different areas of the matrix and identify implementation agencies.
2. Following up relevant government agencies for the implementation of the matrix and continuous coordination with these agencies regarding endorsed reform policies.
3. Develop evaluation and periodic monitoring reports for reforms implementation progress (biannual reports) and submit the same to the High Ministerial Committee for approval and endorsement.
4. Organize different events (conferences, sessions, consultation meetings, workshops...etc) associated with implementation of the matrix.
5. Coordinate and consult with local partners and donors regarding implementation of the matrix and technical support fields.

3. Permanent Secretariat:

To be established by the National Reforms Team and composes of 2-3 people assuming the following tasks:

1. Perform printing, photocopying and reproduction activities for the National Reforms Team and the High Ministerial Committee.
2. Communicate, receive and send faxes from and to relevant agencies and coordinate all follow up works.
3. Arrange events and meetings organized by the national team of the High Ministerial Committee.
4. Follow up supply of necessary materials for the work of the team and the committee.

4. Required financial resources:

Monitoring and follow up process for progress of NRA implementation requires financial resources to be provided from local (public budget) or foreign (donors support) sources to face the following obligations:

1. Prepare periodic monitoring reports and publish them.
2. Implement and hold different workshops (conferences, sessions, consultative meetings, workshops...etc.),
3. Supply necessary requirements for the work of the High Committee and the National Team (stationery and others)
4. Provide incentives and bonuses for those working to prepare periodic reports, national team and the secretariat.

Executive matrix of the National Reforms Agenda (Phase Two) 2009-2010

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
<i>First: Deepening economic and financial reforms, improving investment climate and business environment</i>							
Boost economy growth aspects and poverty reduction	- Achieved growth rates of 3.2% and 3.6% during 2006 and 2007 respectively are modest and insufficient for poverty reduction - Dwindling crude oil production during 2006 and 2007 by 8.7% and 12.5% respectively - Insufficiency of volume of investment flows especially in non-oil promising sectors - Delay in signing finance and withdrawal from development pledges of donors	- Implement various policies and procedures to create favorable environment for wider private sector participation - Develop draft national policy for external aid and start preparing a national system and a comprehensive database for external aid	- Complete the study for exploration and evaluation of investment opportunities in promising economic sectors and reflect its results in policies and executive procedures - Promote oil and mineral exploration in new areas - Complete allocations of donor pledges and funding agreements for development projects and make resources available for project funding	- Achieve sustainable economic growth for reducing unemployment and poverty reduction - Increase absorptive capacity to implement investment projects	- Growth of real GDP by 6.4% in average - Increase average GDP share per capita by 3.4% annually - Reduce poverty percentage to app. 32.8% - Achieve 90% withdrawal from donors pledges - Having 40 exploration blocks for oil and gas by 2010	- Ministry of Planning and International Cooperation - Ministry of Oil - Ministry of Finance	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
Public Finance Sector: Reform public finance management	- Weak financial sustainability. Public revenues are dependent on temporary and unstable sources (oil) - Increasing net budget deficit to 6.5% of GDP in 2007 - Weak integration and consistency in macroeconomic policies	- Starting implementation of PFM reform strategy - Develop action plan to implement phase one of the strategy 2006-2008 and phase two 2009-2010 in cooperation with donors - Commence preparation of medium term economic framework for public budget 2008-2010 - Prepare for adopting public treasury system - Apply economic classification manual for public budget based on GFS 2001 and complete preparation of internal audit	- Adopt medium term economic framework for public budget to be reviewed annually to improve efficiency of financial policies and allocate resources based on spending priorities - Review the situation of special funds and extra budgetary accounts and work to absorb them in public budget - Complete Accounting and Financial Management Information System (AFMIS) and develop it to encompass socio-economic data	Ensure consistency of macroeconomic policies	- Control deficit of public budget in safe margins not exceeding 5.9% of GDP - Reduce basic non-oil budget deficit by ...% annually	- Ministry of Finance - Central Bank - High Tender Board - Ministry of Planning and International Cooperation	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		manual - Complete linkage between agencies responsible for public debt management and work to introduce new version of DMFAS system - Make necessary arrangements to connect debt management systems with the AFMIS					
Rationalize and restructure public spending	- Increasing trend of current expenditures ratio (73% in 2005)m to 73% and 77% of total expenditures in 2006 and 2007 inconsistently with development plans. - Increasing petroleum subsidies bill in light of inefficient distributing	- Increase current expenditures allocations for maintenance and operation - Develop national public procurement manual, guides and standard bidding documents. Approval of the cabinet of these documents and establish	- Rationalize current expenditures in favor of investment expenditures - Reconsider prices of government tenders to be equal to market prices - Review policies of petroleum products subsidies	Restructure public pending to favor development expenditures and increase efficiency of public revenues allocation	Increase investment expenditure to become 25% of total spending	Ministry of Finance	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
	mechanisms not reaching targeted groups Wages and salaries are occupying substantial portion of public spending reaching 27.3% of total expenditures	independent high tender board - Issue tendering and auctions law. Contract with consultant company to develop the manual, executive regulation, guides and standard documents - Circulate to all local and central agencies to give priority for completion of ongoing projects					
Increase efficiency of revenue collecting agencies	- Oil revenues still represent the main source of public revenues representing 70% of total public revenues in average - Weak contribution of tax revenues in total revenues and GDP	- Implement automated system for 96% of imports and exports. Complete supply of x-ray detection equipment - Develop a plan to combat custom evasion and coordinate with security agencies	- Reconsider income tax law - Approve the law of criminalizing tax and custom evasion including amending customs law - Complete preparation of automated system for custom exemptions at	Diversity public revenues and improve sustainability	- Increase non-oil public revenues to 31-36% of total public revenues - Increase custom revenues to 4% of total public revenues - Increase tax revenues to 10-12% of GDP	- Ministry of Finance - Tax Authority - Customs Authority	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
	Limited sustainable resources guaranteeing financial and monetary sustainability	- Prepare proposed amendments to customs law no. 14 of 1991 - Develop a system for lump sum tax on small taxpayers - Activate assessment system for GST taxpayers and implement compulsory registration process. Prepare proposed amendments to income tax law no. 31 of 1991	- headquarter of customs authority. - Complete customs tariff law no. 31 of 2005 - Improve self-assessment system for income and sales tax				
Reform monetary and banking sector	- Weak harmonization between cash flows and developments of GDP - Relative stability of Yemeni Rial exchange rate against USD during 2006-2007	- Laws for financial leasing, guaranteeing bank deposits and electronic bank transactions were issued - Microfinance draft law was prepared allowing the establishment of	- Establish institution for bank deposits guarantee - Revise Islamic banks law - Approve micro enterprise funding law - Complete establishment of	- Increase efficiency of monetary policies in achieving economic growth - Improve financial mediation and enhance	- Annual inflation rate of ...% and growth of broad money supply not exceeding 15.1% in average annually - Replace 10% of treasury bonds by public debt securities	Central Bank Ministry of Planning and International Cooperation Ministry of Finance	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		non-banking financial institutions • Submit draft law to the cabinet to allow setting up branches for commercial banks to operate under Islamic sharia. • Prepare draft amendment to article 6 and abolish article 26 of Islamic banks law • Prepare a study in cooperation with the World Bank regarding introducing treasury system in Yemen • Prepare preliminary study regarding cash planning and management system	information system related to bank risks through automated network connection • Establish stock market	confidence in banking sector • Increase long term funding	• Maintain stability of Rial exchange rate against foreign currency • Credit provided to private sector • Free market rates on deposits		
Reform foreign	• Increasing relative importance of	• Complete procedures and	• Complete preparation of the	• Augment competitive	Increase relative importance of non-oil	• Ministry of Planning and	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
trade sector	foreign trade for Yemen against GDP from 61.5% in 2004 to 69.6% in 2007 - Oil exports are dominating export structure 91% - GCC are the key trade partner for Yemen in the field of imports. Southeast Asian countries are the key trade partner for Yemen in the field of exports. - Continue bilateral negotiations within the international working team for accession of Yemen to WTO. - Continue applying procedures of Grand Arab Free Trade Zone (gradual reduction of custom fees and similar taxes)	requirements for accession to WTO - Start implementing Trade Sector Efficiency Project with support from the UNDP including automation of activities and works of this sector - Issuance of Foreign Trade Law No. 16 of 2007	roadmap to integrate Yemen in GCC. - Complete steps for Yemen accession to WTO - Established specialized financial institutions to fund exports of goods and services - Join Gulf Industrial Consultancy Organization - Join Gulf Patent and Standards Authority - Study establishing free trade zones between Yemen and GCC countries	advantage of national economy Increase national non-oil exports	exports from ...% to ...% of total exports	International Cooperation Ministry of Commerce and Industry	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
Improve investment climate and doing business	- Yemen has many advantages and potential investment opportunities in all productive fields of goods and services - Reality of private investment still indicates to the modesty of private sector interaction with government efforts to upgrade its investments to the targeted level - Yemen occupied rank 113 in the indicator of doing business out of 178 countries covered by business environment report 2007 - Yemen occupied advance rank in six indicators, namely: dealing	- Starting implementation of the one-stop-shop by ministerial resolution No. 72 of 2007 - Completion of phase one (march-December 2007) of the project for easing and simplifying business startup procedures - Conduct several studies to improve investment climate in cooperation with FIAS-IFC. - Issuance of the executive regulation for the law on promoting competition and preventing monopoly. Prepare draft amendments for some articles in commercial register law.	- Complete implementation of the one-stop-shop - Develop promotional strategy for investment in Yemen - Issue real-estate register law and start implementation - Solve problems related to investment lands - Revise financial and commercial laws related to improving investment environment	Create favorable environment to attract local and foreign investments	- Shorten time required to startup business to 5 days - Improve cross-border trade indicator by 30% - Improve access to credit indicator by 15% - Review 80% of financial and commercial laws - Improve foreign investments by 30%	- Ministry of Planning and International Cooperation - General Investment Authority - Ministry of Industry and Commerce	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
	with investment building licenses, registering project ownership, contract enforcement and business liquidation while it scored low in four indicators, namely; activity startup, access to credit, investors protection, cross border trade (import and export)	• Prepare draft regulations for trade names and commercial register laws • Issuance of domestic trade law • Completion of new draft law replacing law no. 23 of 1997 regarding foreign agencies and branches					
Second : Judicial Authority Reforms							
Improve judicial system, enhance independence of judiciary and increase efficiency and effectiveness of courts	Judicial authority saw a number of institutional, organizational and legislative developments. However, judiciary is still suffering of: • Inconsistency between judicial authority law and constitutional amendments providing for its	• Segregate chairmanship of supreme judicial council from Presidency of the Republic to guarantee independence • Strengthen legislative framework, institutional and organizational	• Complete review and develop legislative and organizational structure of judiciary (judicial authority law, high judicial institute law, commercial arbitration law, civil proceedings and implementation law, judicial fees law and executive	• Approach regional and international standards in litigation procedures in terms of time and confidence • Enhance confidence of investors in judicial system • Ease access to	• Complete 80% of legal and organizational legislations development and updating plan • Increase percentage of decided cases out of cases seen before first instance and appeal courts to	• Ministry of Justice	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
	independence - The non-coverage of all regions by courts and prosecutions and lack of effectiveness and efficiency requirements - Low efficiency of judges and their collaborators, accumulation of cases before courts and prolonged litigation periods - Lack of information systems and non-coordination between relevant agencies	building of judiciary through preparing draft laws, organizational and executive regulations. - Expand and enhance role of specialized judiciary especially commercial judiciary and provide safe climate for investment. Support public funds judiciary role in anticorruption. - Modernize High Judicial Institute and revive its role in qualifying judges - Women empowerment in judiciary through appointing women in judges and public prosecutions - Activate the role of judicial inspection	regulations). - Complete establishment of infrastructure of judiciary through building and equipping judicial complexes for commercial divisions and courts in five governorates, namely: Capital, Aden, Hodeidah, Hadramout and Taiz. - Establish new public funds courts and reorganize existing courts and prosecutions to align with current legislations for anticorruption and protection of public funds - Develop juvenile justice and provide judiciary and public prosecution with qualified staff as to improve performance	full data on judiciary activities	65% - Achieve average annual growth of 10% in execution of final verdicts - Increase numbers of high judicial institute graduates to cover existing shortages in courts and public prosecution by 3-6% annually - Mitigate imbalances in activities of courts to the minimum possible level by 2010 - Computerize judicial activities in 100% of commercial, public funds and specialized courts by 50% in appeal courts in governorates and		

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		in controlling and monitoring works of judges and performance appraisal	and processing of cases Implement the judicial system (judicial file tracking system) in commercial and public funds courts as well as commercial divisions and appeal courts in main governorates		7% of total number of first instance courts in governorates		
Third: administrative reform and modernization of civil services							
Implement national civil service modernization strategy	National wages and salaries strategy, with its four phases, represents a comprehensive reform for imbalances in administrative system. Phase one of the strategy was implemented. However, civil service is still suffering of:	- Completion of restructuring of Ministry of Civil Service and Insurance, Tax and Customs authorities - Prepare the study for government mandate with its organizational structure - Review laws and modernize systems	- Restructure ministries of industry and trade, education, water and environment, public works and highways and the General Survey Authority - Issue standard manual for job description - Complete implementation of biometrics system in	- Provide high quality public services with low costs and in reasonable time - Improve productivity of government staff - Clear tasks and competencies - Reduce budget burden	- Refer 28,197 eligible employees to retirement - Refer 15 thousand redundant employees to Civil Service Fund - Remove 60 thousand double dippers - Restructure 20	- Ministry of Civil Service and Insurance - Premiership	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
	• Slow restructuring of administrative units • High levels of administrative bureaucracy • Limited technical and specialized capacities at civil service and low wages and salaries • Weak information systems for government staff	and policies related to human resources management. This includes completing review of insurance and pensions law, applying appointment system in public jobs, impose controls on recruitment, transfers, contracting and movements • Implement biometrics system and issue unified job ID card for all government staff. 88% of administrative staff and 15% of judicial staff are covered. • Remove 27,856 double dippers from payrolls. Refer 31,356	civil, military and security sectors and issue unified job ID for all government staff • Remove double dippers, activate retirement system and operate the Civil Service Fund to process redundant staff and remove 34000 redundant employees. • Complete approval procedures for internal audit system and apply it in public service units • Develop and apply performance appraisal system • Complete building and modernizing central database along with main and distributed databases for government staff		administrative units		

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		employees to retirement. Refer 15 thousand redundant staff to Civil Service Fund. • Complete studying restructuring of the National Institute for Administrative Science. Implement 26 training programs in administrative, organizational and computer fields. Set up executive master program and specialized certificates in public and business administration for top management • Prepare, publish, distribute and circulate 1600 service guides • Complete the study for improving internal audit					

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		procedures based on modern standards and best practices. Complete the study for institutional performance indicators in 9 pilot agencies. • Design database and build data updating system to match main and distributed databases with the central database and network connection. • Prepare the matrix of administrative and institutional reforms for phase two of the strategy.					
Fourth: Anticorruption, enhance accountability and transparency							
Strengthen legal, regulatory and institutional framework	Appraisal of macro and sectoral performance shows that exerted reform efforts were insufficient. There is still evident shortfall in	• Issue and enforce anticorruption and financial disclosure laws • Elect Supreme National Authority	• Complete institutional building of SNACC • Develop a national anticorruption strategy and enforce	• Protect public funds • Increase degree of accountability and	• Improve corruption perception index to 8 points • Refer 80% of detected cases	• SNACC • Central Organization for Control and Auditing	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
to curb corruption and protect public funds	the effectiveness of financial and administrative anticorruption actions, limited accountability and transparency in addition to imbalances in administrative body of the state	for Combating Corruption as an autonomous national agency fighting corruption - Inaugurate national awareness campaign to combat corruption in 6 cities and 700 locations to mobilize public advocacy for future anticorruption measures - Joining transparency initiative in extractive industries and open registers for companies	accountability principles - Follow up implementation of transparency initiative in extractive industries - Prepare executive regulation for public procurement and tenders law along with guides and standards documents and activate the role of the High Tender Board - Establish an information system for the protection of public funds and anticorruption. Establish a register of corruption incidents nationwide covering public companies and employees engaged in corruption cases	transparency as to boost confidence of development partners in government performance	and violations	- Ministry of Justice - Ministry of Interior - Ministry of Oil - Ministry of Finance	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
Improve performance of the Central Organization for Control and Auditing	- COCA reports to the Presidency of the Republic and enjoys financial and administrative autonomy. It works based on professional standards regulating and controlling monitoring performance. - Establish the Supreme Council for Accounting and Auditing pursuant to law No. 26 of 1999 regarding accounting and auditing. However its legal formation is not yet passed. - Weak information exchange mechanism due to lack of facilities such as exchange networks and	- Prepare proposed amendments to COCA law in alignment with government reform agenda - Propose constitutional provisions to ensure COCA independence - Submit proposal to the cabinet to establish a council with 50% representation from public sector and 50% from private sector. The proposal aims to establish institutional mechanism to organize accounting and auditing profession in Yemen.	- Amending COCA law to ensure its independence - Establish the Supreme Council for Accounting and Auditing profession - Apply international standards in government accounting and extend the role of COCA in financial control and auditing - Conduct external evaluation and review for COCA in accounting and performance appraisal field (by fellow agency) - Develop mid-term strategy for COCA, assess institutional building requirements and build COCA	- Ensure independence of COCA, increase its effectiveness in imposing transparency, accountability and detecting financial and administrative violations - Ensure suitable professional environment	- Complete 95% of financial control and audit functions in administrative units and economic sector - Reduce financial corruption incidents by 5% annually	- COCA - Presidency of the Republic - Cabinet - Public funds courts - Ministry of Legal Affairs - Parliament - Ministry of Finance - Ministry of Civil Service	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
	electronic communication • Lack of performance appraisal standards, which hinders undertaking performance appraisal • Weak level of coordination between agencies responsible for submitting cases of public funds corruption represented in public funds attorney, COCA (technical arm), and public funds court to shorten lengthy procedures and risk of corruption in submitted cases. Efforts of these agencies lack clear mechanism for		capacities				

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
	exchange of information and mutual understanding of the role of each party. Lack of performance appraisal and monitoring indicators for difference service and production activities in different state sectors.						
<i>Fifth: Political reforms and enhancing democratic development</i>							
Broaden political participation	Yemen is a nascent democratic country that adopted democratic approach and political pluralism by unifying the country in 1990. Three legislative elections and two presidential and local elections were held. Democratic experience is being developed to enhance political pluralism, respect of		Consensus on constitutional amendments with political parties. Amendments articulate on modifying current Shura council to become second legislative chamber besides the Parliament and limit presidential term to 5 years instead of 7	- Improve democratic practices - Increase participation in decision making process		- Cabinet - Parliament - Supreme Elections Commission - Political parties - Civil society	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		awareness materials in public education, illiteracy eradication and adult education curricula • Coordinate and follow up to formulate draft electoral support document for SCER in cooperation with UNDP phase three (2008-2010) • Initiate reviewing and studying all electoral guides and forms related to modifying voters lists 2008 • Commence setting up a database for political parties and civil society organizations concerned by democracy and elections • Participation of					

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		those of special needs in elections					
Enhance rights and freedoms	Based on the interest of Yemen by freedoms and rights as strategic issue, a minister for human rights was appointed in 2001. National legislations were studied to ensure alignment with international legislations and conventions. Prepare national reports on implementation level of international conventions. Expanding poverty, in its broad concept, is a crucial issue jeopardizing human rights and freedoms.		- Review national legislations and laws package and align it with ratified international conventions - Improve situations of prisons and prisoners in all regions - shadow reports - Implement a project for combating children trafficking	Improve good governance indicators	Prepare national reports on human rights	- Ministry of Human Rights - Ministry of Legal Affairs	
Enhance freedom of press, opinion and expression		Prepare proposed amendments to law no. 25 of 1990 regarding press and publishing and refer them to competent	Revise press and publishing law no. 25 of 1990 by introducing parallel amendments to the new contents of the law and penal	Guarantee freedom of opinion and expression under national legislations		- Ministry of Information - Ministry of legal Affairs - Parliament	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
		committee at Shura Council Proposal and amendments to the law are being discussed to enshrine freedom of press and easy access to information. Meanwhile, protection of journalists' rights should be guaranteed. Journalist imprisonment punishment should be abolished.	actions Discuss and approve draft audio and visual media law to give opportunity for multiple media means and participation of private sector				
Enhance developmental role, financial and administrative autonomy of local authority and move to		Prepare proposed legal amendments to applicable local authority law no. 4 of 2000 and presented to Shura Council for deliberations. Key aspects of the new law are represented in the	Priority One: - Amend local authority law no. 4 of 2000 by law no. 18 of 2000 amending some articles to allow election of governors and amend relevant laws - Develop a regulation for procedures of	- Improve local development indicators - Expand developmental and political participation		- Ministry of Local Administration - Governorates	2008 2008 Last quarter of 2008

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
appropriate formula of local governance		election of governors and managers of districts, enabling local councils of approving development plans, annual accounts, implement and manage development programs and leverage financial resources of local authority Finalize decentralization support strategy and local authority development by support from development partners led by UNDP, Dutch government and GTZ	electing capital mayor and governors issued by republican decree no. 86 of 2008 - Continue dialogue on the presidential initiative to strengthen local authority system and reach to local governance formula - Approve and carry out decentralization support strategy as a mechanism to move to local governance system - Finalize building information system for local authority				2015 2009
Enhance women participatio	Role of Yemeni women witnessed remarkable improvement in the last	Prepare safe motherhood law and currently under	Increase participation of women in local and	Shrink gender gap	Increase women participation in economic	National Women Committee	

Overall objective	Current situation	Implemented reforms 2006-2007	Proposed reforms 2009-2010	Expected results	Measurement indicators	Implementing agency	Implementation period
n in economic and social life	five years. Percentage of working women in education sector is 18% and is 25% in health and social sector. Working women in government body in 2004 were 16.4% including 4.5% in legislative and top management positions. Women participation is curtailed by a set of social, economic and cultural obstacles including: high illiteracy rate among women, family rejection, and limited access of women to land and productive assets	discussion by Parliament • Amend some laws related to women rights • Appoint first female judge in the Supreme Judicial Council • Update Reproductive Health Strategy and approve a strategy for health development of women	parliamentary elections by 5% as candidates and 30% as voters • Increase women participation in government posts • Amend labor law to enshrine equal employment opportunities for men and women		activities by annual rate of 5% during this period • Increase working women participation by 8% annually in education and health sectors any by 4% in industry sector • Increase participation of women in local and parliamentary elections by 5% as candidates and 30% as voters		