

Chapter 3

Governance

Introduction

The Economic, Financial, and Administrative Reform Program (EFARP) included components relating to good governance, which are major factors in achieving the objectives of comprehensive reform. Positive results with regard to these factors enhance efforts toward economic growth and poverty reduction. Economic growth requires private investment, which requires a conducive business environment and a suitable investment climate. These, in turn, require a just and honest court system, security and stability, reform in the administrative apparatus of the state, the development of public control and accounting systems, decentralization, support for local authority, and cooperation among all parties engaged in development.

The policies and measures that constitute good governance are hard to quantify and evaluate owing to a scarcity of data. However, some achievements can be described in these areas in 2003 and 2004, especially in legal, institutional, and infrastructure frameworks. In most cases, these achievements did not bring about direct, noticeable change; partly because the measures and amendments, by their nature, require a long period to have an impact, and partly because the forces of reform must struggle against resistance to change. In addition, stumbling in some fields hinders progress in others.

Yemen's Country Policy and Institutional Assessment (CPIA) rating by the World Bank indicated relative progress in 2003. The rating was 3.6 (out of a possible 6), compared with 3.3 in 2002. The overall rating for 2003 was about equal the average rating of listed countries (3.5). The 2004 rating fell to 3.3 again, as macroeconomic indicators, public sector management, governance, and structural policies recorded some decline, which emphasize the importance of continued economic, financial, and administrative reforms. Also, Transparency International reports show that Yemen scored 2.6 (out of 10) in 2003 and 2.4 in 2004 in the corruption perception index, based on information from various sources.

| Table 3.1: Country Policies and Institutional Assessment | | | | |
|---|------------|------------|------------|------------|
| Institutional Assessment Indicators | Scale: 1–6 | | | |
| | 2001 | 2002 | 2003 | 2004 |
| Average for Management of the Economy | 4.3 | 4.3 | 4.8 | 4.2 |
| Structural Policies | | | | |
| Commercial policy and banking policy | 4.5 | 4.5 | 5 | - |
| Financial stability | 2.5 | 3 | 3.5 | - |
| Effectiveness of the banking system and resource mobilization | 2.5 | 2.5 | 2.5 | - |
| Competitive environment for private sector | 3 | 3 | 3 | - |
| Commodity markets and factors of production | 3 | 3.5 | 3.5 | - |
| Average for Structural Policies | 3 | 3.2 | 3.3 | 3.2 |
| Average for Social Indicators and Equality | 2.9 | 3.1 | 3.5 | 3 |
| Public Sector Management and Institutions | | | | |
| Property rights and governance | 2 | 1 | 2.5 | 2.5 |
| Fiscal and budget management quality | 3.5 | 3.5 | 3.5 | 3 |
| Effectiveness of revenue mobilization | 3.5 | 3.5 | 3.5 | 3.5 |
| Quality of public sector management | 3 | 3 | 3.5 | 3 |
| Transparency, accountability, and corruption in the public sector | 2 | 2.5 | 3 | 2.5 |
| Average for Public Sector Management and Institutions | 2.8 | 2.7 | 3.2 | 2.9 |
| <i>Overall Average of Institutional Assessment</i> | 3.2 | 3.3 | 3.6 | 3.3 |

The Judiciary

The proper enforcement of law and order serves all people, especially the poor. It also ensures the protection of public property and deters corruption, thus contributing to directing economic resources and movement toward poverty reduction. During 2003–2004, eight buildings were completed in several governorates for courts and prosecution offices. Another 13 facilities were taken over by the judiciary, and 16 projects were initially completed, in addition to 20 ongoing construction projects in 2004. Approximately 120 courts operate in rented and/or unsuitable facilities. It is difficult to provide facilities for all courts because of the large number of courts and their geographic dispersion.

Achieving justice and adjudicating cases quickly require assigning special courts to handle specific cases. In 2003, four republican decrees were issued relating to the establishment of two tax courts, in the Capital Secretariat and Aden, and primary traffic courts and adolescent courts in some governorates. The decrees also addressed developing jurisdictions and tasks for commercial courts. Amendments were adopted to Republican Decree No. 378 of 1999, waiving provisions that limited claims submitted to primary courts of general jurisdiction in governorates and districts (where there are no commercial courts) to no more than YR2 million. In 2003–2004, the Ministry of Justice (MJ) implemented a plan to modernize the commercial courts at a cost of YR604 million. The MJ will continue to pursue the Commercial Court Modernization Project in 2005–2006. In 2003, the General Directorate for Commercial Courts in the MJ was reactivated; however, it has been unable to publish the *Commercial Court Rulings Magazine* since the first issue in March 2000; thus, legal rulings of the Commercial Department in the Supreme Court have not been widely disseminated.

Training programs for judges and administrators have declined; only 146 personnel were trained in 2003 and 317 in 2004. This decline reflects the lack of a clear training plan and the lack of coordination among the entities that offer training. Also, admissions to the Higher Judicial Institute were suspended for seven years, leading to a severe shortage of qualified judges. The Program was reinstated in 2003; it aims to qualify approximately 500 judges by 2009. The Judicial Institute awaits a new law and restructuring to transform it into an academic institution that keeps pace with local and global developments, including the latest advances in trade, telecommunications, and information technology, as well as the issues of money laundering and crimes of terror.

Modernizing the court system includes introducing databases and information systems. In 2003, the MJ conducted studies of the administrative and judicial information systems, along with a field study of requirements for networking. In 2004, networks in some of the appeals, primary, and commercial courts were linked to the Judicial Information Center. The MJ drafted a Strategy for Development and Modernization of the Judiciary, which was approved by the cabinet and will start implementation in 2005.

The government is making major efforts to modernize judicial agencies, which suffer from obvious deficiencies including drawn-out procedures and delayed rulings. Judicial

reforms and training of judges have contributed to reduce the backlog of judicial cases, where number of cases filed and duly processed ranged between 32% and 50% in the judicial year 1425 AH.¹ In an effort to activate the Judicial Police, the MJ prepared an assessment for the cabinet. The cabinet, in turn, assigned the minister of justice and the minister of interior to review the report and coordinate on a plan with the minister of finance. At the end of 2003, the Ministry of Interior (MI) submitted a proposal to upgrade and enhance the role of the Judicial Police in governorates and districts.

In 2003, the Judicial Inspection Authority (JIA) completed the third stage of the first round of court inspections targeting primary courts; a complementary plan extended through 2004. In the two year period, the JIA made unannounced inspections in 31 primary and appeals courts, and notified 327 judges of their scores. The Complaint Department investigated 8,203 complaints from litigants. However, the JIA suffers from limited capacity and a lack of modern evaluation systems, in addition to the duplication resulting from having two procedural guidelines for judicial inspections.

As for legislation relating to the poor, the government issued Republican Decree No. 253 of 2003 to establish the Higher Council of Zakat Trustees and define the council's responsibilities. A Zakat Law was drafted to replace Law No. 2 of 1999, to clarify the role of zakat in alleviating poverty at the community level.

Security and Stability

Statistics from the MI indicate a declining crime rate over the past two years, falling from 18% to 40%, depending on the type of crime. No kidnappings were reported. This improvement is attributed to preparedness of security forces and other agencies. The first and second phases of the security deployment plan were completed and the implementation of the third phase commenced. This plan created 10,000 jobs; 5,034 people were recruited in the second phase. In 2003, stationery and mobile security patrols carried out 36,000 security missions, of which 520 were humanitarian, including 392 for emergencies and rescue missions. In 2004, patrol missions increased to 195,500, of which 1,666 were humanitarian. Also, the scope of security force services was broadened to protect facilities, diplomats, staff of foreign organizations and agencies, and tourists.

Security forces installed border surveillance networks at land, sea, and air entry points, and facilitated the exchange of information among agencies. An agreement was signed with the Italian government in 2004 to finance the first phase of coastline surveillance. In civil defense, contracts were signed for importing and installing early warning systems. By end of 2004, about 40% of these systems had been set up in the governorates of Aden, Ta'ez, and Hadhramaut, and the Capital Secretariat. The first phase of equipping the civil defense units was completed, and a contract was signed for the second phase. In addition, a project agreement was reached with the United Nations Development Programme for disaster preparedness work, at a total cost of \$1.7 million. The MI is also seeking to

¹ Annum Hegira in the Moslem Lunar Calendar.

introduce civil defense knowledge at the various educational levels, especially since the issuance of the Law of Civil Defense Funds and its executive bylaws.

The government continued to enhance the roles of the security agencies and specialized security departments, setting up the Coast Guard Authority and establishing several general directorates for specific functions, including directorates for criminal evidence, for combating terror, for combating organized crime, and for adolescents and women's affairs. Regular training programs continued, and training was provided in specific fields. Approximately 370 MI personnel were enrolled in military, civilian, and university institutes in Yemen and abroad. A total of 420 students graduated from the Police Academy, and 15 officers received master's degrees or PhDs. The Higher Police Institute conducted 42 courses in various fields for 2,414 senior-level officials. The Specialized Institute conducted 30 refresher and supervisory courses targeting 815 students. More than 50 research studies were conducted in various fields.

Participation in society helps ensure that individuals enjoy their human rights. To encourage such participation, the government continued to upgrade the computerized system for entering vital records. The Personal Status and Civil Records authority (PSCR) completed over 70% of the Electronic Personal Identification Cards Project. PSCR provided equipment to its offices and computer network centers to enable them to issue electronic personal IDs in eight governorates and seven offices in the Capital Secretariat. PSCR opened a branch office in Marib. Despite the relatively low fees for obtaining birth certificates and IDs, these charges discourage the poor and thus deprive them of some social and political rights.

The security forces adopted several measures to curtail the widespread prevalence of firearms. The number of businesses that sell guns is being reduced and those with no permits are being closed. Security units carried out 216 field inspection raids and 11 control programs, confiscating approximately 5,000 weapons. The government proposed legislation to regulate possession and trading of firearms and ammunition.

Combating Corruption and Safeguarding Public Property

In 2003, the president established a Supreme Committee to deal with issues related to public property and combating corruption. The committee is chaired by the prime minister and includes the director of the Presidency Office and the chairman of the Central Organization for Control and Audit (COCA). In April 2003, the committee presented a matrix of solutions for these problems to the cabinet.

The cabinet issued several resolutions and orders, and formed ministerial committees to address the problems. The Higher Committee for Coordination (HCC) is responsible for developing an appropriate coordinating mechanism and overseeing its implementation in control and audit agencies and the judiciary. The HCC also supports the public property courts, and assumes some judicial inspection functions in these courts. Another ministerial committee was formed to propose time limits for public positions, including chairmanships of boards of directors of public corporations and general authorities, and

civil service director generalships in order to curtail personal exploitation of these positions.

The cabinet also formed a ministerial committee, under the chairmanship of the deputy prime minister and the minister of finance, to review laws and procedures related to public property and make proposals to improve them. The committee met only once in 2003. Another committee was formed to review the legislative framework for regulating external loans and grants. COCA presented draft procedures to improve these laws to the deputy prime minister and the minister of finance.

The public property courts and prosecution offices have been also restructured. The minister of justice was instructed to draft a proposal to establish appeals divisions in major governorates and a specialized department in the Supreme Court. He was also assigned the responsibility, together with the general prosecutor, to draft a proposal to set up public property prosecution offices in these divisions, with the proviso that courts in those governorates should have jurisdiction over public property cases until public property courts are set up. In 2003, a second penal division was created in the appeals court of the Capital Secretariat that has jurisdiction over public property cases. It is expected that appeals divisions with jurisdiction over public property cases will be established. Also, a specialized department will be set up in the Supreme Court in 2005.

Cabinet Order No. 36 of 2003 called for completing the institutional setup of administrative units that lack organizational structures or reconsidering their viability. The cabinet assigned the chairman of COCA to review and evaluate the role of control and inspection in administrative units of the government and those of the economic sector. With regard to information systems, Cabinet Decree No. 38 of 2003 established a higher committee to review databases and information systems in units charged with safeguarding public property and make proposals to improve them. A technical committee undertook field studies and presented recommendations for practical measures that were approved by the higher committee in September 2003. Efforts are under way to obtain financing for the implementation of these measures through an integrated program.

The Office of the Presidency presented its views in support of the Strategy for Combating Corruption, but six of the committees have not been able to accomplish their assigned tasks within the set time frame because of the failure of the HCC to carry out its responsibilities in a systematic manner. Finally, in 2004, Law No 35 was issued on combating money laundering. The cabinet also approved United Nations agreements on combating cross-national organized crime and corruption.

Besides setting up committees and tightening regulations and procedures against corruption, the government supported by a GTZ project assessed in 2004 its anti corruption program in order to identify appropriate approaches in the various sectors, including the civil service, the judiciary and financial management and internal auditing. It also addressed coordination among government agencies and involving the civil society in combating corruption. A work plan has been also adopted for the period

October 2004 up to October 2005 focusing on supporting institutions including the HCC and setting clear and simple procedures to combat corruption.

COCA recorded 134 criminal cases in 2003 that caused financial losses to public property exceeding YR12 billion plus \$12 million, as well as other nonfinancial damages. The number of cases rose to 148 in 2004. The number of public property cases filed in 2003 was 828 (of which 434 were serious), compared with 862 cases in 2002. Cases referred to courts totaled 271; 80 rulings were made and 180 cases were dealt with in a discretionary manner, with the general prosecution offices able to return YR484 million to the state treasury.

Successfully combating corruption and safeguarding public property depend on precisely defining solutions. The HCC should have an institutional framework that defines its role and regulates its functions according to an annual plan. The committee must follow up on the implementation of its decisions, including setting a time schedule for transforming the matrix of proposals to programs, measures, and decrees. The committee will carry out specific activities in 2005 to fight corruption and safeguard public property. In addition, a set of pertinent laws will be ratified, including laws that limit tenure in senior public positions and require public officials to declare their assets. The Yemeni-German Cooperation Program will provide a general framework for government activities in this area.

Civil Service and Administrative Reform

Restructuring administrative units of the government is a major component of administrative reform. The PRS aims to create a lean and efficient administrative system, in which the objectives and functions of government institutions are defined in accordance with the new economic philosophy. Although Cabinet Resolution No. 291 was issued in 1998 to restructure some administrative units, practical measures were only implemented in the past two years. Preparations began in mid 2004 to restructure the first eight administrative units.

The formation of the new cabinet in May 2003 included restructuring of some ministries. The Ministry of Health became the Ministry of Public Health and Population. The Ministry of Water became the Ministry of Water and Environment. The Ministries of Culture and Tourism were merged into one Ministry for Culture and Tourism. A new Ministry of Human Rights was established, and the Ministry of Planning and Development was restructured as the Ministry of Planning and International Cooperation, to support the enhanced role of international cooperation. Two republican decrees were issued; one restructured the Office of the Presidency, defining duties and responsibilities; and the other set out the internal bylaws for its employees. Executive bylaws were issued for the Central Statistics Organization (CSO), and the organizational bylaws of the Ministry of Legal Affairs were amended. Law No. 32 organized the General Television and Broadcasting Corporation.

The cabinet also issued Resolution No. 59 on the time frame for restructuring ministries and government agencies; amended Resolution No. 100 on restructuring the Ministry of Public Health and Population; and issued Resolution No. 142 on the formation of a committee to review the internal bylaws and organizational structures of ministries, government agencies, and corporations in light of the new role of the state. Proposals were made for structures and internal bylaws for 9 administrative units and to study 13 other units. No specific measures have been taken with regard to defining specific job responsibilities; this will be done later in the restructuring process.

In 2003, the Ministry of Civil Service and Pensions (MCSP) laid off 2,315 employees and designated 2,814 more employees to be laid off in 2004. The Biometric Card System was adopted, and the cabinet approved the contract for supplying and installing the system. Implementation has been postponed to 2005 owing to delayed delivery of equipment. Republican Decree No. 1 of 2004 on employee IDs was issued providing the legal backing for the system. All civil service and public and mixed sector units collected updated data on the labor force. The data revealed that the total number of employees was 463,000, of whom 91% are working. The rest are employees without duties (3.6%); complete absence (0.3%); and those seconded to popular organizations, sick people, and others (5.1%).

Employees referred to retirement in 2003 totaled 2,690 compared with 3,416 in 2004. The total number of retirees was 59,932 at the end of 2004. Amendments were proposed to improve the Law of Pensions and Insurance and align it with the Civil Service Reform Program (CSRP). Law No. 1 of 2004 concerning the Civil Service Fund (CSF) was issued to resolve deficiencies in the previous law that hindered its implementation. In 2004, the organizational and administrative structures of the CSF were completed, and measures were taken to address the problem of surplus employees. The CSF absorbed 6,000 of the first batch of 14,431 employees transferred to it.

Additional measures to control employment were taken during the past two years. The most important was controlling recruitment according to principles and standards set forth in Cabinet Resolutions No. 138 of 2003 and No. 119 of 2004. These resolutions emphasize transparency and standard procedures, such as advertising in official newspapers, computerized selection in accordance with entitlement and equal opportunity standards, and not requiring gender to be included in the application. Applications rose from 62,359 (including 20,780 females) in 2003 to 82,544 (including 27,853 females) in 2004; 26,529 employees were hired, with priority given to jobs in education and health. The program for replacing expatriates continued, with 4,300 teachers hired. To protect the living standard of civil servants, the government approved salary increases and annual bonuses. The National Strategy for Wages and Salaries was completed and is expected to be approved by the cabinet and Parliament in 2005. The strategy ties the minimum wage to the poverty line.

A team of experts undertook a study on simplifying government procedures for services provided to the public and the private sector. The study aims to determine the number of services and document them, and simplify and standardize procedures in all

administrative units. The study will include preparation of work guidelines and manuals. Government service delivery has improved. Cabinet Decree No. 172 approved a program of awards for innovation and modernization that increase administrative efficiency and transparency. The Yemeni government website (www.yemen.gov.ye) was launched in 2003 in both Arabic and English. The website includes links to 31 ministries and other government agencies and 20 governorates.

Enhancing Human Rights

The most significant development in human rights was the establishment of the Ministry of Human Rights (MHR) in 2003. Cabinet Order No. 49 of 2004 stipulated executive procedures and the coordination of MHR's work with that of other ministries and government agencies. In the past two years, as part of Yemen's commitment to international treaties and conventions, the government issued the first national report on the implementation of the International Convention on Economic, Social and Cultural Rights; a national report on the International Treaty against Torture; and a national report on implementation of the International Agreement on the Rights of Children. In addition, the fourth national report on the implementation of the International Convention on Civil and Political Rights was presented to the concerned committee in Geneva, where it is expected to be discussed in July 2005.

The first national report on human rights will be issued in the first half of 2005. Also, a draft law for refugees will be finalized as part of Yemen's commitment to the International Treaty on Refugees, ratified in 1980. Yemen is the first Arab state to pass such a law, which coincides with providing refuge to large numbers of refugees from East African countries. The cabinet also approved the creation of the International Criminal Court (the Rome Scheme) and will take relevant constitutional measures. Parliament ratified both optional protocols of the International Treaty on Children's Rights, concerning the involvement of children in armed conflicts, the sale of children, child prostitution, and the use of children in tourism exhibitions and materials. The prime minister issued a resolution in 2004 establishing a legal committee to examine the conformity of national legislation with international treaties and conventions.

In January 2004, the Yemeni government, in cooperation with No Peace without Justice, organized the Regional Government Conference on Democracy and Human Rights. The conference addressed issues such as the role of the International Criminal Court. Government and parliamentary delegations from 52 countries in Asia and Africa, including the Arab states, participated in the conference, as did representatives of NGOs. In December 2004, the Arab Sisters' Forum for Human Rights convened the first Democratic Forum for Arab Women.

The government made efforts to involve NGOs in all aspects of the parliamentary elections of April 2003. The government has also encouraged NGOs to take part in activities related to human rights; for example, inviting NGO representation on the Consultative Board of the Ministry of Human Rights (MHR) and the Human Rights Strengthening (HURIST) Team. At the same time, the MHR participated in various NGO

activities. NGOs also participated in discussions of local and international reports prepared by the MHR, and drafted shadow reports on Yemen's implementation of the International Convention on Economic, Social and Cultural Rights, and Yemen's adherence to the International Treaty against Torture. Over 2003 and 2004, political parties and concerned government agencies conducted studies, submitted proposals, organized events, and ensured coordination to empower women and increase their representation in the various assemblies and councils.

Under Law No. 24 and Republican Decree No. 260 of 2003, the children of Yemeni women married to foreigners were granted the right to be treated as Yemenis in all respects and to choose between Yemeni citizenship and the citizenship of their fathers when they reach adulthood. Law No. 26 of 2003 compelled authorities to provide nutritional and medical care for imprisoned pregnant women during the postnatal period, in addition to exempting them from any disciplinary measures imposed on prisoners. To improve prison conditions, field visits by officials have become a new and important mechanism over the past two years. Inspectors determine the condition of prisoners and look into their legal status, especially whether their sentences have been completed. The cabinet adopted MHR recommendations to improve prison conditions, and has directed concerned agencies to implement them, including reviewing cases of prisoners and their grievances. The cabinet also issued resolutions in 2004 approving recommendations of the MHR on precautionary prisons, regulating supervision and management inside women's prisons by policewomen, and establishing separate prisons for minors and delinquent girls.

In 2003, the number of journalists interrogated in court declined to 21 cases, compared with 35 in 2002. Most cases involve publishing personal news. Despite efforts by concerned government agencies to safeguard the right of expression, the Committee of Rights in the Journalists Syndicate complains of violations against journalists and newspapers, including assaults, threats, arrests by security forces, and, for some newspapers, suspension of publishing. Government agencies seek to ensure adherence to the law by the press and the media in general; meanwhile, journalists face difficulties in getting information from the government, especially regarding the government's positions on issues and events. A government spokesman was appointed in early 2003, but he has not fulfilled his duties.

Supporting and Reinforcing Democracy

Parliamentary elections took place on April 27 2003. Because of the disturbances in the region since mid-2002 resulting from the situation in Iraq, some people advised delaying elections; however, the government held them on schedule. Election agencies guaranteed equal rights for all candidates and prevented the exploitation of public office to achieve electoral gains. Ministers and senior public office holders who wished to be nominated resigned their posts, and resignations were announced in the media. The Supreme Election and Referendum Committee guaranteed the legal rights of political parties and organizations and those of the candidates, especially the right to place campaign advertisements through the public media channels.

Political parties and NGOs prepared for the elections, beginning with discussions on amending General Election and Referendum Law No. 13 of 2001, establishing appropriate registration and voting systems, and managing the elections. Political parties and NGOs had three of the seven seats on the Supreme Committee. Official and unofficial awareness campaigns led to an increase in voter registration from 4.7 million in the 1997 elections to about 8.1 million in 2003, and in actual voting from 61.4% to 76.5% of registered voters. There was a decrease in violations, infractions, excesses, violence, and stolen ballot boxes. Fifty objections were submitted to the Supreme Court regarding voting procedures and counts; 47 were rejected and 1 was withdrawn. The Court ruled that voting be repeated at some polling places in two districts and that additional voting be undertaken in four districts in June 2003.

Among registered voters in 2003, 3.4 million were women, compared with 1.3 million in 1997 (an increase from 37% of total registered voters in 1997 to 42.2% in 2003); 74.4% of registered women voted. However, despite the growing participation of women in registering and voting, the number of female candidates declined, from 42 women in the 1993 elections to 19 women in 1997 and only 11 in 2003. Thus, fewer seats are held by women in the local councils and Parliament. Only one seat in the new Parliament is held by a woman, compared with two seats in the previous Parliament; and female candidates won only 35 seats in local councils out of 6,700 seats elected in February 2001.

This situation reflects social and legal barriers, and the passive stance of some political parties on the issue of nominating women: Only 5 women were nominated in the 2003 elections, compared with 18 in 1993 and 11 in 1997. Some political parties and women's groups cited studies and offered suggestions for increasing the participation of women in political decision making, including setting quotas for women on appointed and elected councils, including Parliament and local councils. However, these suggestions came too late for the 2003 elections and were not sufficiently supported or agreed upon among political parties. The Supreme Election and Referendum Committee is looking into improvements for the coming elections, taking advantage of phase two of a United Nations Development Programme assistance project.

Local Authority

The provision of facilities and organizational structures for local authority is a top priority in the PRSP. The government has emphasized the construction of complexes to accommodate the offices of local authorities, including local councils. These offices will help local authorities fulfill their responsibilities and will facilitate the processing of citizen requests. During 2003 and 2004, 32 complexes were built and 84 were furnished. In 2003, the Ministry of Local Authority (MoLA) drafted a national plan for training and rehabilitation, targeting more than 16,600 senior officials and staff of local authorities. However, MoLA was unable to implement the plan in 2003 owing to lack of funds and the work involved in the parliamentary elections; again in 2004, no funds were available to implement the training plan. Only one training course was conducted in coordination with SFD, for 24 trainers of its own staff.

SFD also executed a training program for the administrative boards of the local councils in 11 governorates. The PRS Committee and its Central Unit, in cooperation with the GTZ, organized planning sessions in all governorates over the past two years to train officials on financial and development planning in accordance with the PRSP. A pilot project was implemented in 2003 to draft economic and social development plans for 14 districts in six governorates (Al-Jouf, Hajjah, Shabwa, Hadhramaut, Al-Beidha, and Ta'ez). Support for the project is growing, as additional donors express their interest in joining. The project emphasizes building capacities that are currently lacking in local authorities and that will allow them to realize the benefits of the local authority system, especially in improving services.

In 2003, MoLA and the Ministry of Finance formed a joint technical committee to study the information system in MoLA and determine the requirements for a network. In 2004, technical specifications were prepared for the system and network, and a contract was signed with the implementing company at a cost of \$2.4 million.

Republican Decree No. 264 was issued establishing a higher committee, under the chairmanship of the prime minister, to support and enhance decentralization, and a technical committee was established as a technical secretariat to the higher committee. The mandate is to accelerate the transfer of authority to local administrative units. However, the two committees have not formulated clear and specific action plans, and thus have not been able to carry out their functions in the desired manner. In 2004, the administrative units drew up their proposed 2005 budgets independently. Regular meetings of local authorities is a significant indicator that they are performing their functions and are able to fulfill their responsibilities. These meetings also provide a way for local councils to follow up and monitor performance of the executive branch. Annual reports from the administrative units to MoLA in 2003 showed improvement; MoLA received 64% of the meeting minutes it should have received and 50% of the administrative board meeting minutes, compared with 62% and 39%, respectively, in 2002. The number of regular meetings of the executive offices rose from 29% in 2002 to 37% in 2003. In 2004, local councils and administrative boards held 46% of the meetings they should have held, and executive offices held 37% of the required meetings.

In 2003, MoLA specialists carried out a review to determine which laws required amendments to comply with the Law of Local Authorities and the orientation of the government toward decentralization. The review listed 70 laws, of which 39 are administrative and 31 are financial. Cabinet Order No. 121 of 2003 established a committee under the chairmanship of the deputy prime minister and the minister of finance to review these laws and propose amendments. However, the cabinet order did not set out practical steps, and ignored the previous study on this matter and its proposals and recommendations.

Finally, the Governorate of Raimah was created in 2004, bringing the total number of governorates to 21 in addition to the Capital Secretariat.