

# Decentralization & Local Development Support Program The Republic of Yemen

**The Pilot (2003-2006)**

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**Findings**

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**Recommended Reforms**

*The National Decentralization Strategy  
& The National Program*

*Ministry of Local Administration  
The Republic of Yemen  
January, 2007*

# Yemen's System of Local Administration

## **Legal & Regulatory Framework:**

- Local Authority Law # 4, 2000 (LAL)
- Republican Decree 269, 2000 - Executive Regulations of the LAL
- Republican Decree 23, 2001 - Organizational By-Laws, MOLA
- Republican Decree 24, 2001 - Financial By-Laws of the Local Authority
- Republican Decree 265, 2001 - Organizational By-Laws of the Governorate & District Local Authorities

## **Structure of the Local Authority System:**

- Two levels of local authority - Governorate & District
- 22 Governorates & 333 Districts
- The Local Authority at each level consists of:
  - The elected council
  - The administrative Diwan Departments
  - The Executive Organs - Sector offices
- Appointed heads (Governors & District Directors) of the Local Councils and Local Authorities
- 425 Elected Council members @ the Governorate level
- 6902 Elected Council members @ the District level

## Levels of Financing of Yemen's System of Local Administration

### Finance: Distribution of the National Budget Share of Local Authorities (Capital & Recurrent)

| Level        | 2002 | 2003 | 2004                   | 2005                   |
|--------------|------|------|------------------------|------------------------|
| <b>Total</b> |      |      | <b>\$3,740,700,000</b> | <b>\$4,157,827,995</b> |
| Central      |      |      | \$3,196,120,150        | \$3,307,777,295        |
| Local        |      |      | \$ 722,840,000         | \$ 850,050,700         |

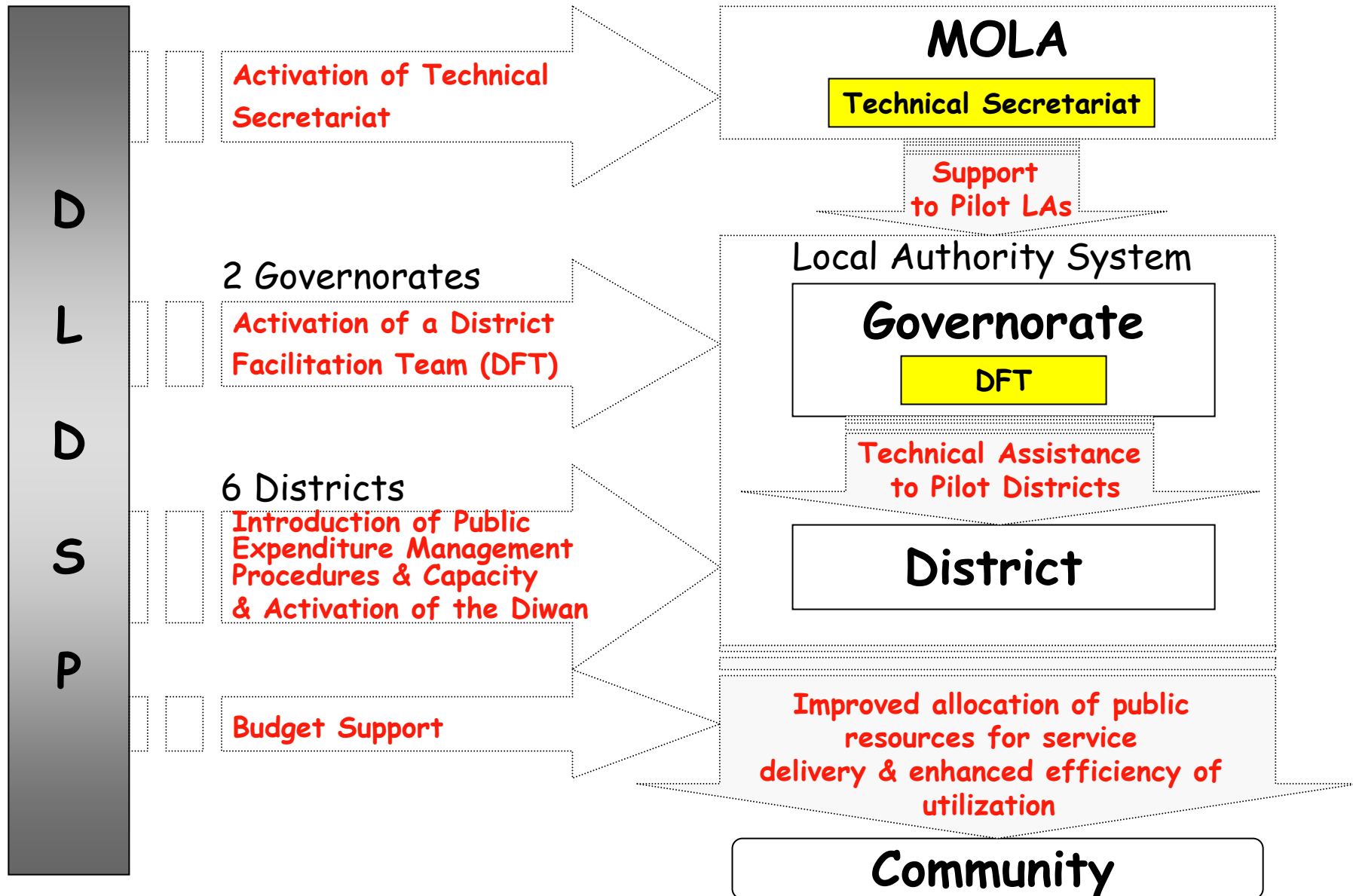
### Finance: Levels of the central subsidy - (Capital & Recurrent)

| Type         | 2002                  | 2003                  | 2004                  | 2005                  |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total</b> | <b>\$ 646,380,400</b> | <b>\$ 689,156,790</b> | <b>\$ 722,840,000</b> | <b>\$ 850,050,700</b> |
| Capital      | \$ 82,430,210         | \$ 98,210,970         | \$ 109,910,350        | \$ 131,948,507        |
| Recurrent    | \$ 563,950,190        | \$ 590,945,820        | \$ 612,930,650        | \$ 718,102,192        |

### Finance: Performance of the Local Revenue System

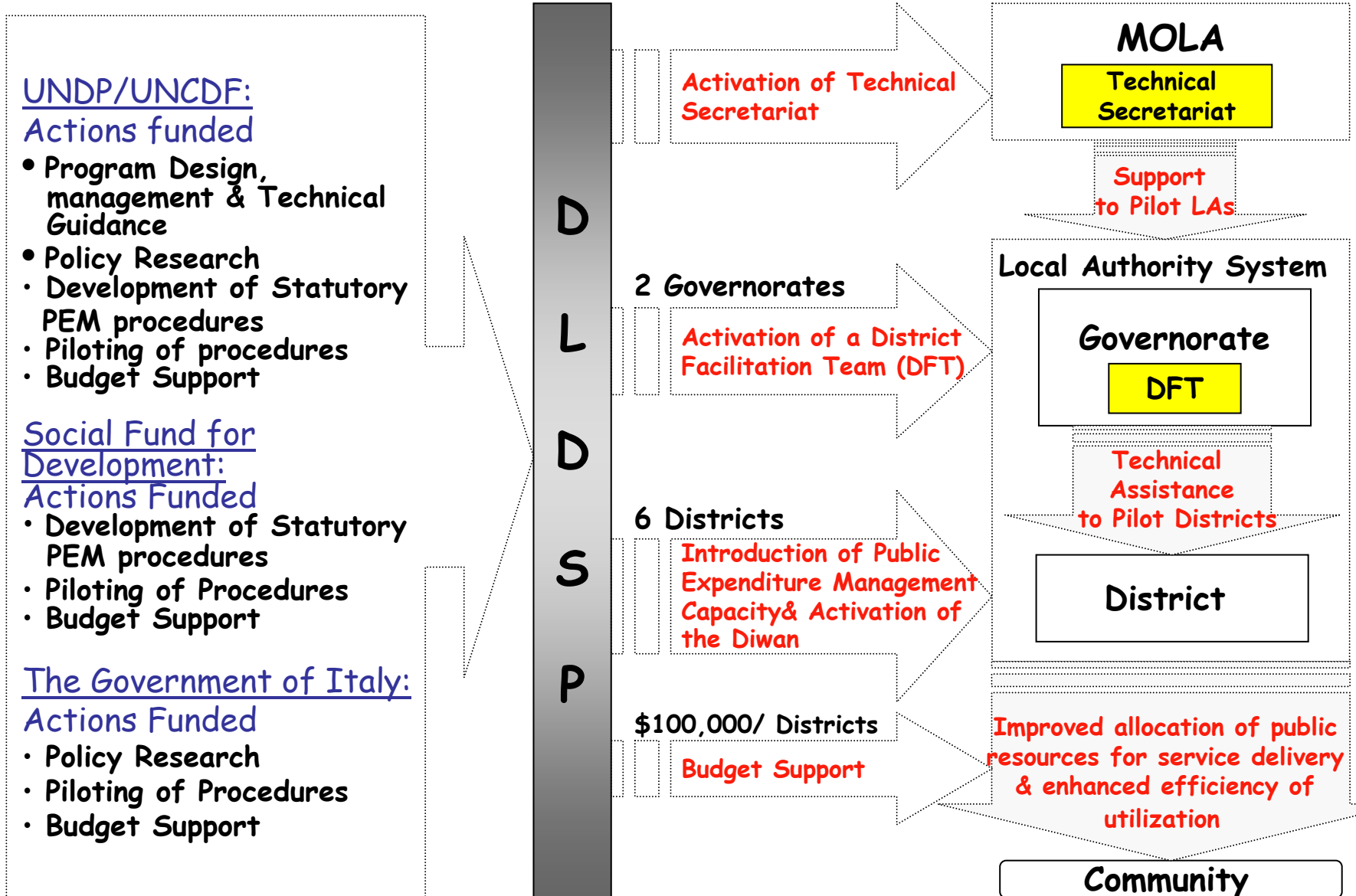
| Type         | 2002                 | 2003                 | 2004                  | 2005                  |
|--------------|----------------------|----------------------|-----------------------|-----------------------|
| <b>Total</b> | <b>\$ 75,706,200</b> | <b>\$ 93,065,100</b> | <b>\$ 106,199,130</b> | <b>\$ 118,688,700</b> |
| Local        | \$ 21,690,000        | \$ 27,830,200        | \$ 33,570,540         | \$ 38,350,850         |
| Shared       | \$ 28,000,800        | \$ 30,420,125        | \$ 33,636,170         | \$ 37,900,995         |
| Zaka         | \$ 20,099,430        | \$ 23,815,090        | \$ 27,095,460         | \$ 31,525,930         |
| Gen. Shared  | \$ 5,915,970         | \$ 10,999,685        | \$ 11,896,360         | \$ 10,910,925         |

# Decentralization & Local Development Support Program Phase 1 of Pilot: 2003-2004

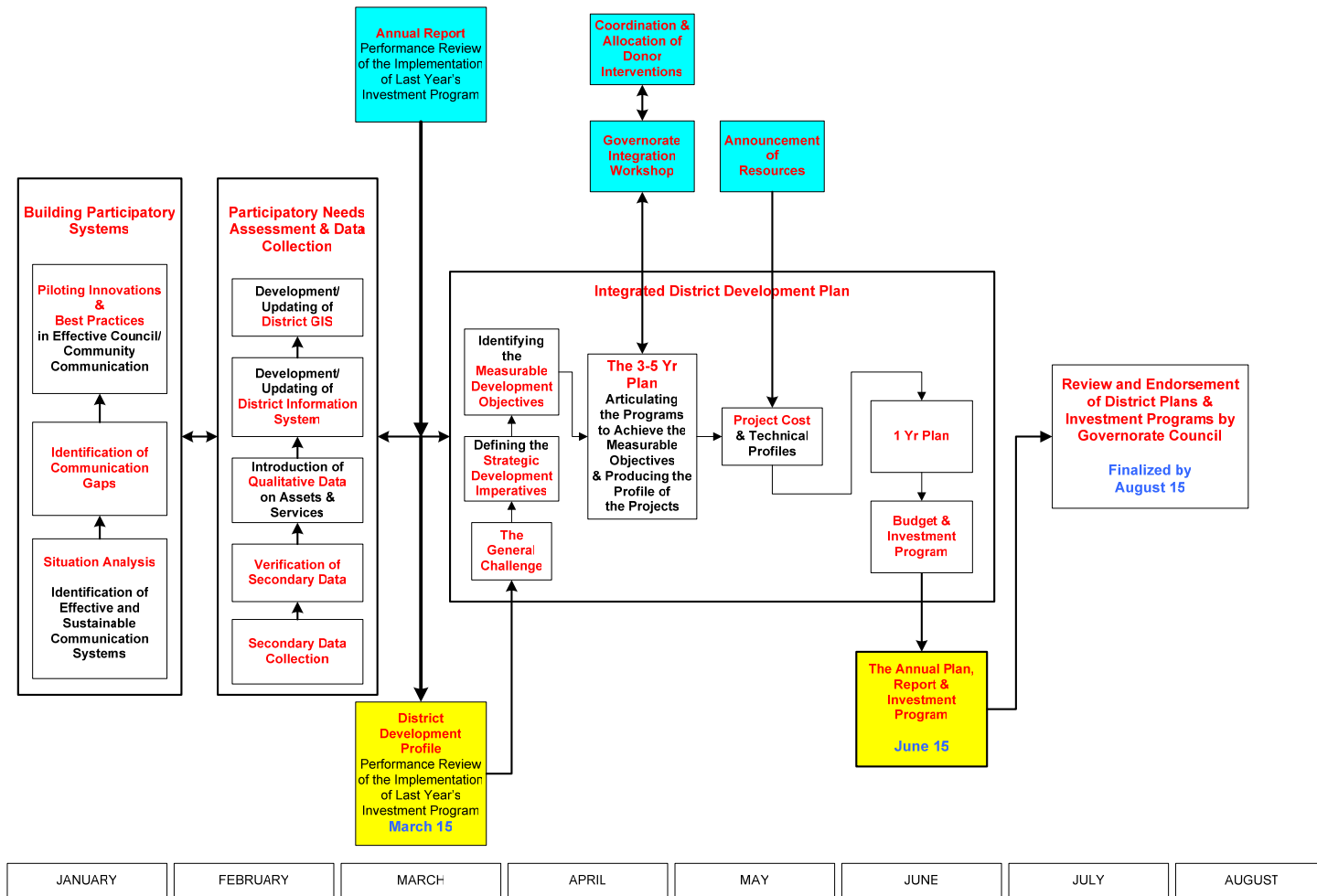


# Decentralization & Local Development Support Program

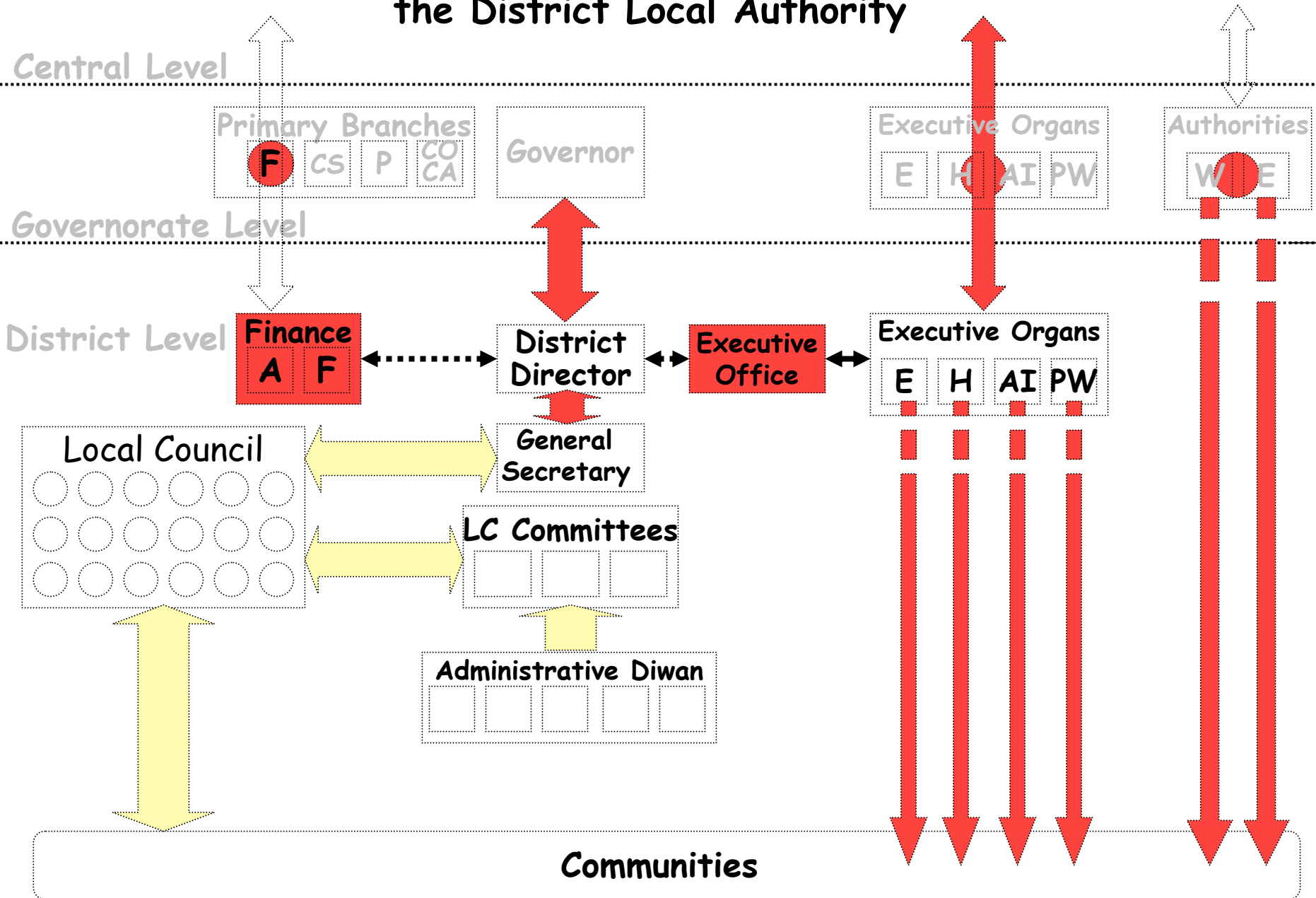
## Donor Contribution: Phase 1 of Pilot: 2003-2004



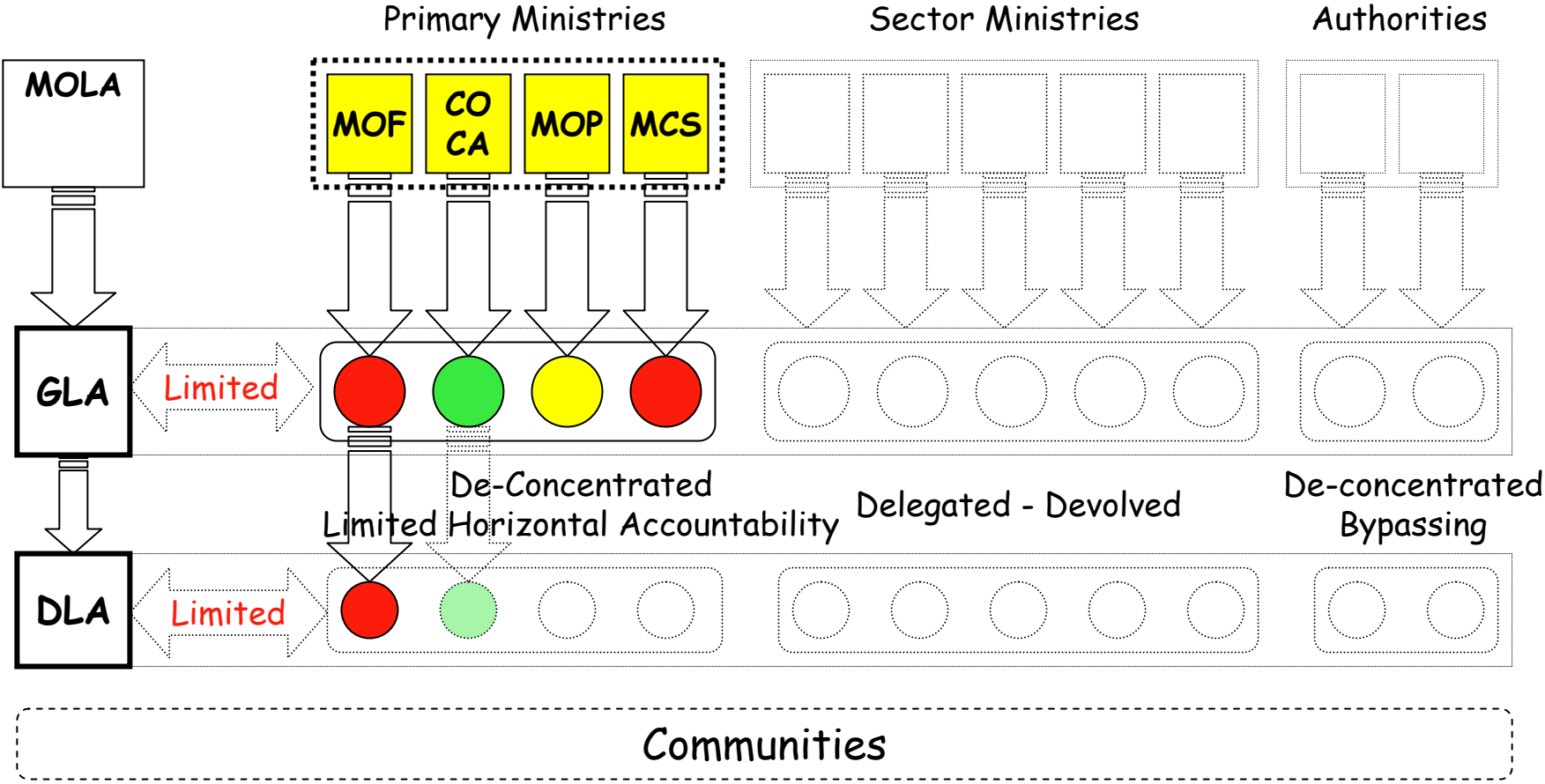
# Focus of the pilot capacity building program: The Public Expenditure Cycle - Planning & Budgeting



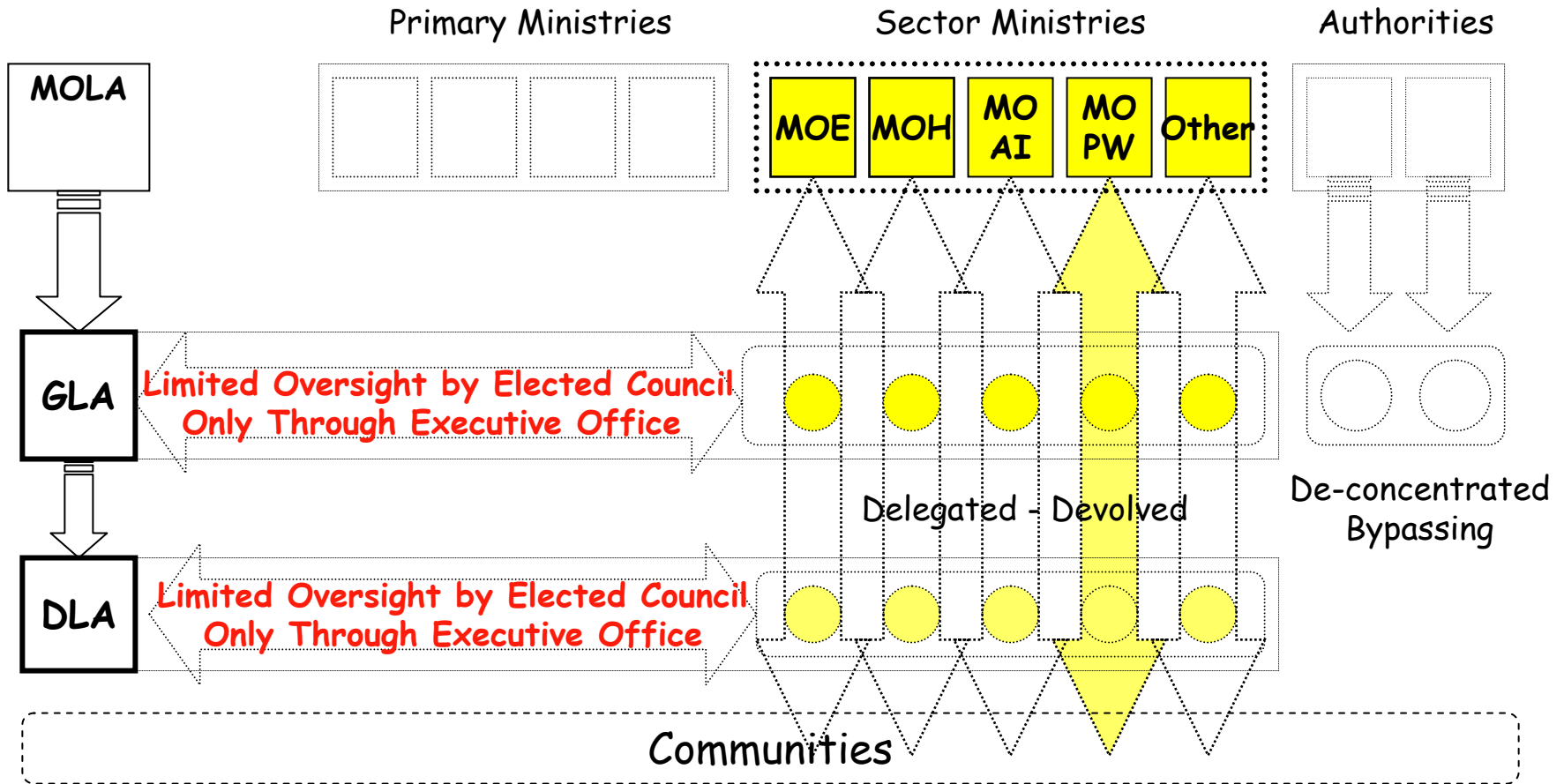
# Current Institutional Structure & Relations within the District Local Authority



# Local Authority System - Current: Decentralization of Primary Functions



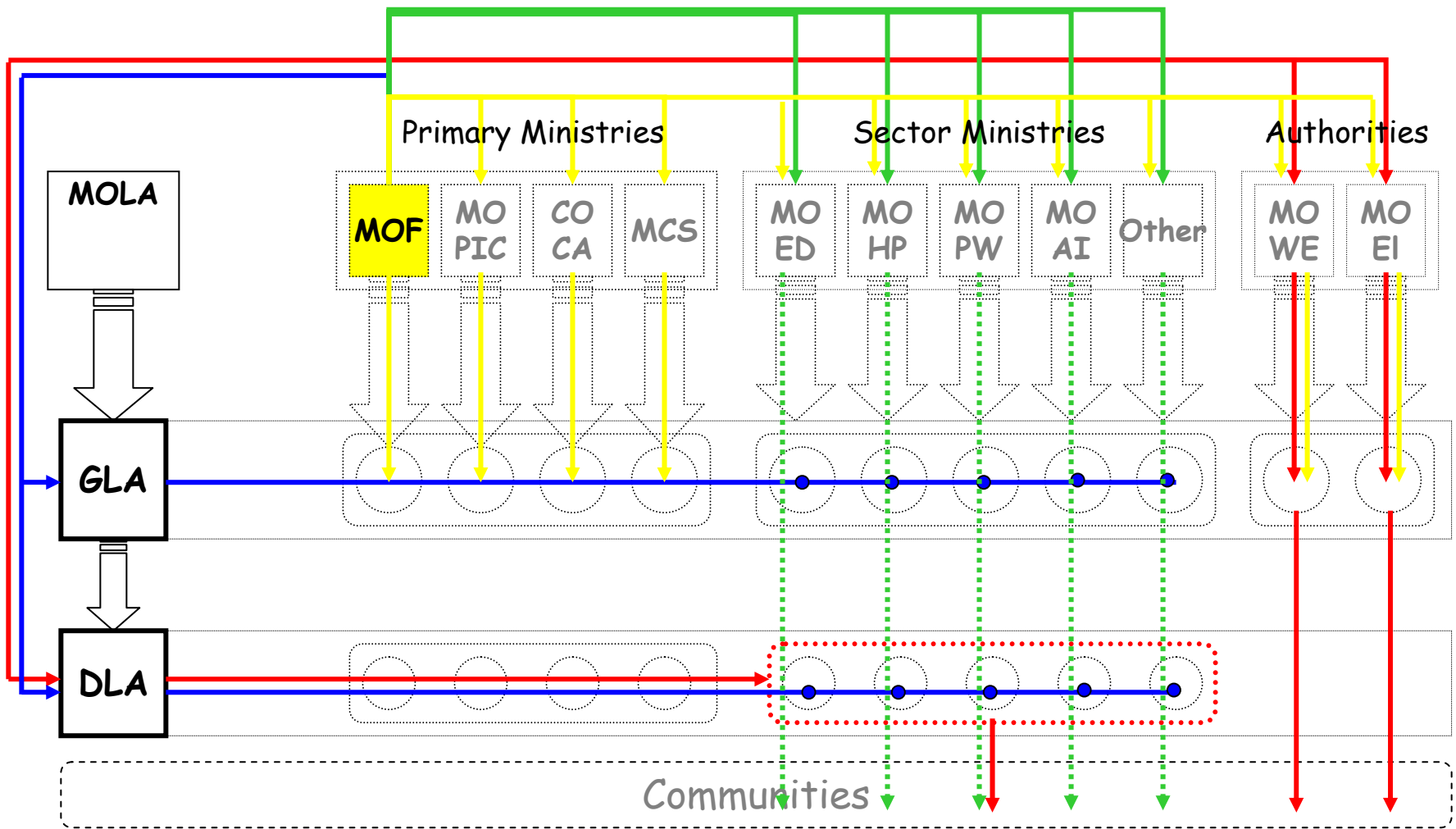
# Local Authority System - Current: Decentralization of Sectors/Service Delivery Delegated/Devolved Functions



# Local Authority System - Current: Decentralization of Sectors/Service Delivery De-concentrated Entities

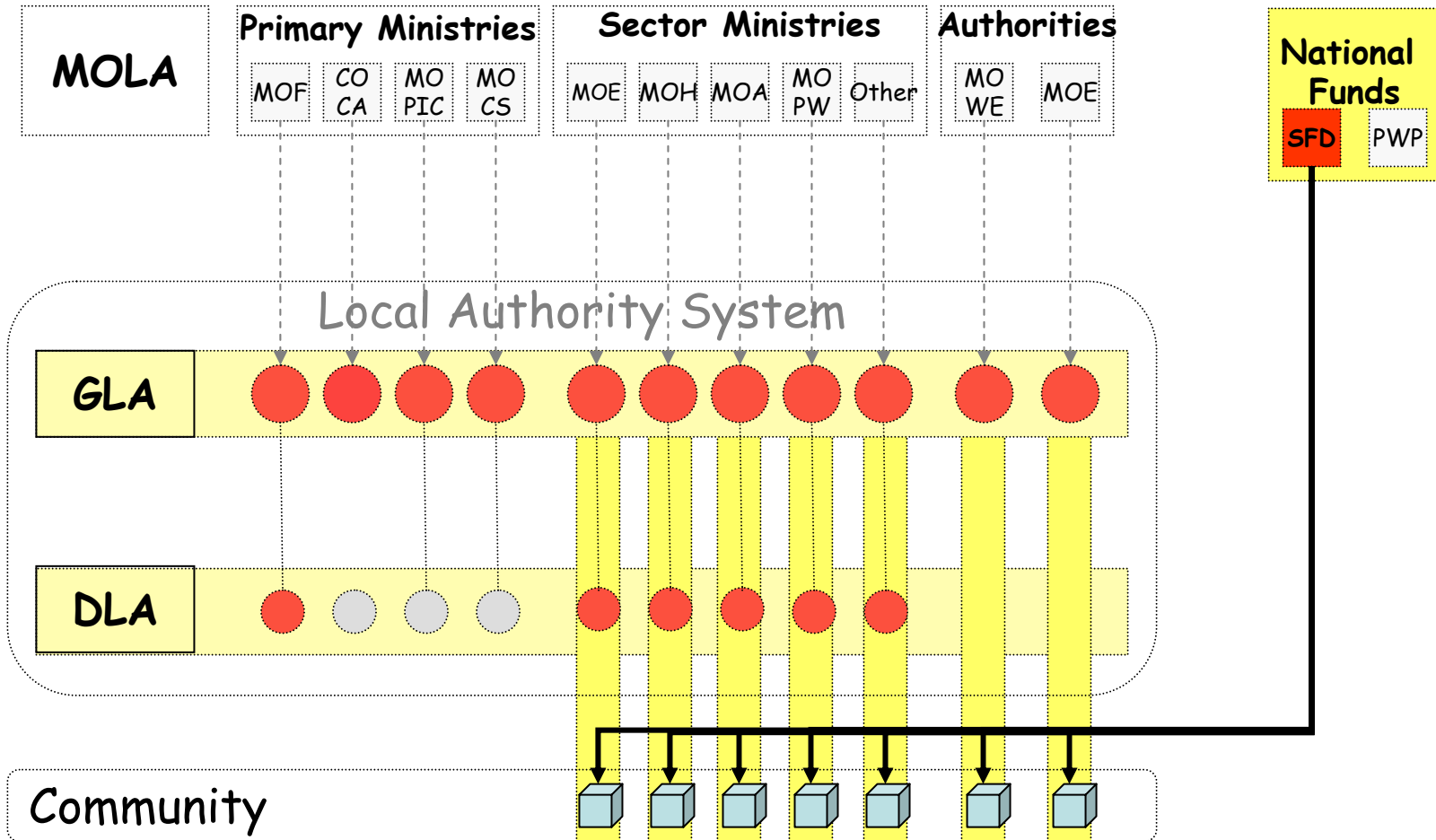


# Local Authority System - Current: Central Financing to Local Authorities

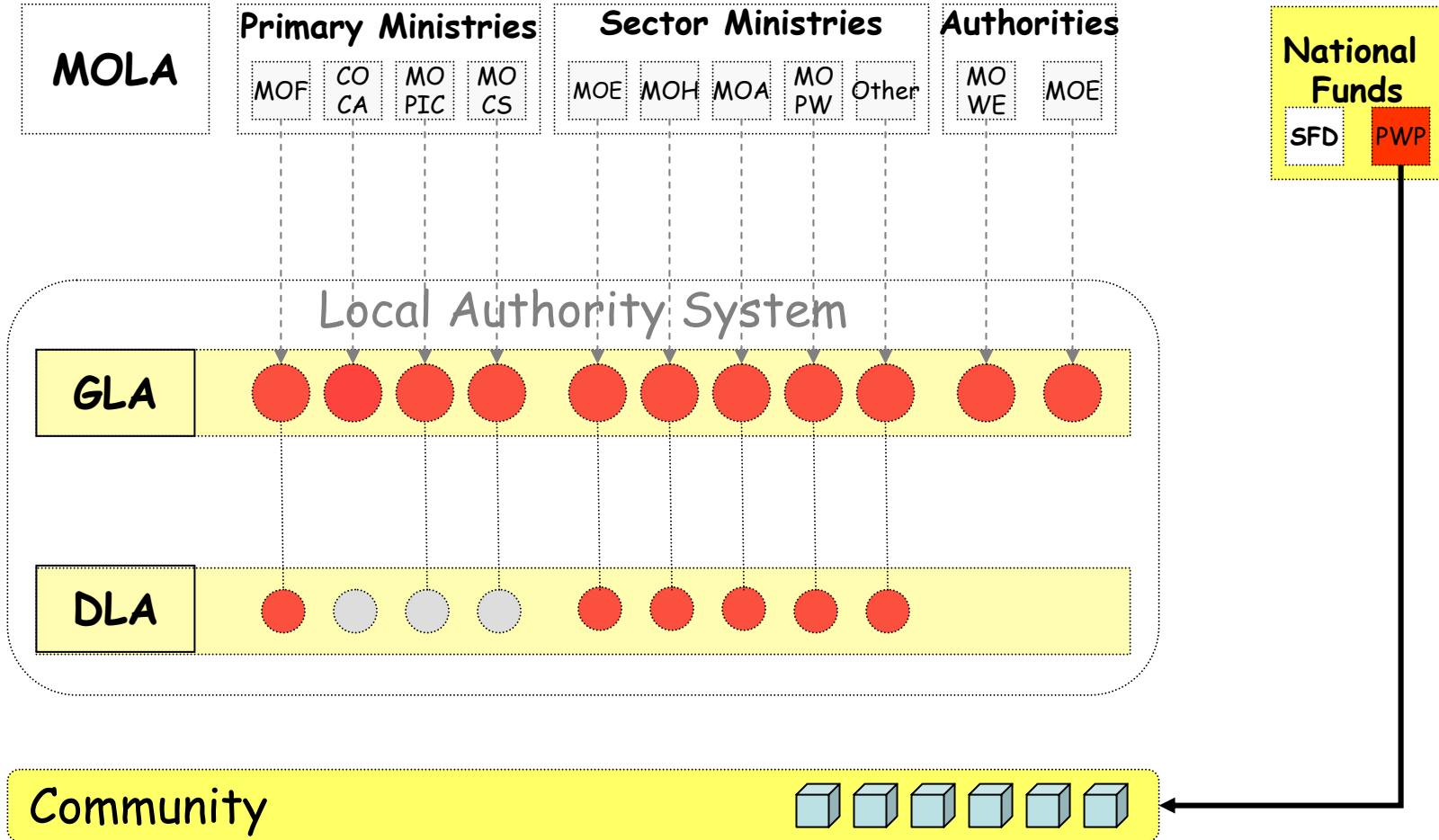


- Local Capital Fund Flows
- Local Recurrent Fund Flows
- Central Recurrent Fund Flows
- Central Capital Fund Flows

# Local Authority System - Current: Intervention Modality adopted by National Funds - Social Fund for Development (SFD)

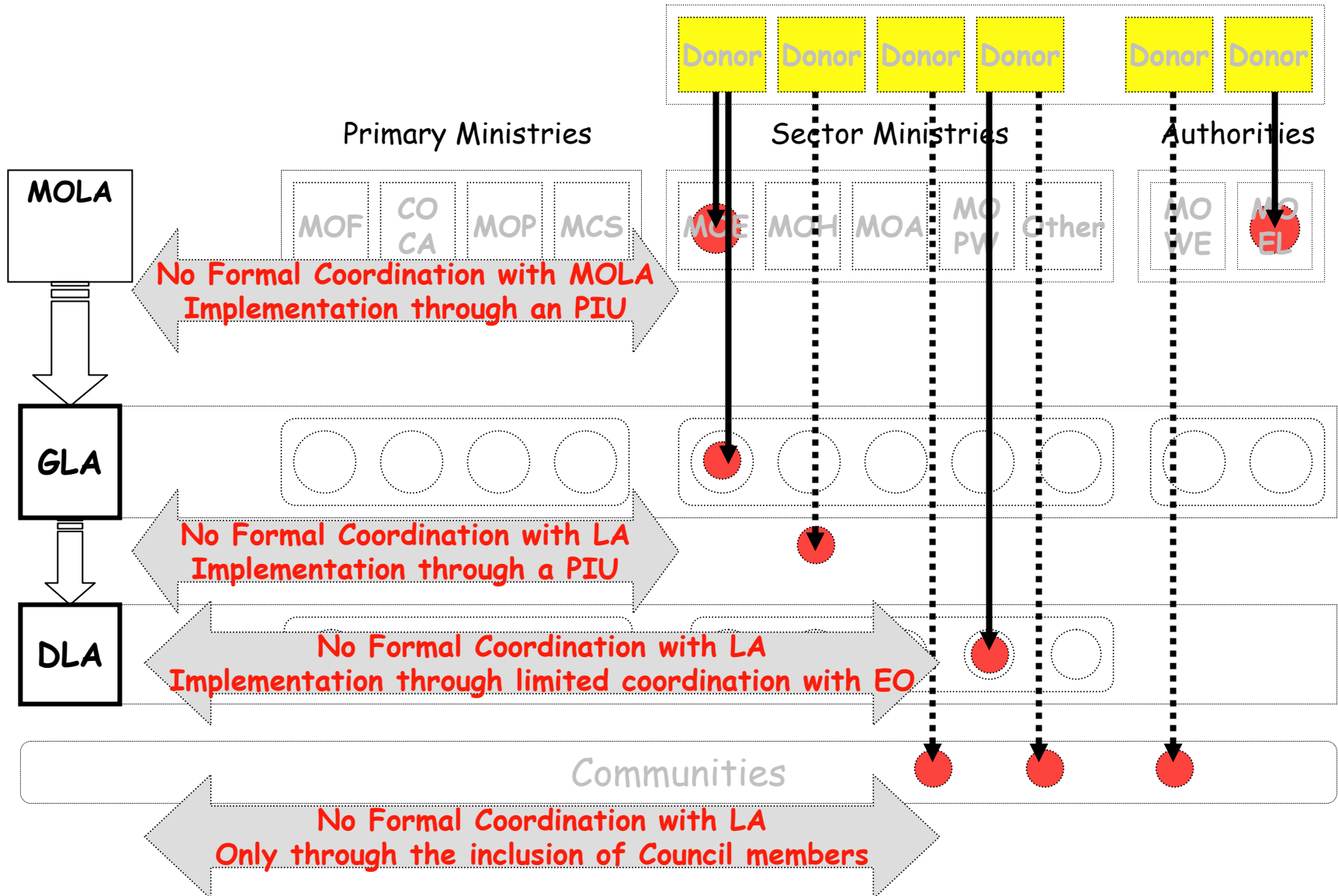


# Local Authority System - Current: Intervention Modality adopted by National Funds - Public Works Project (PWP)



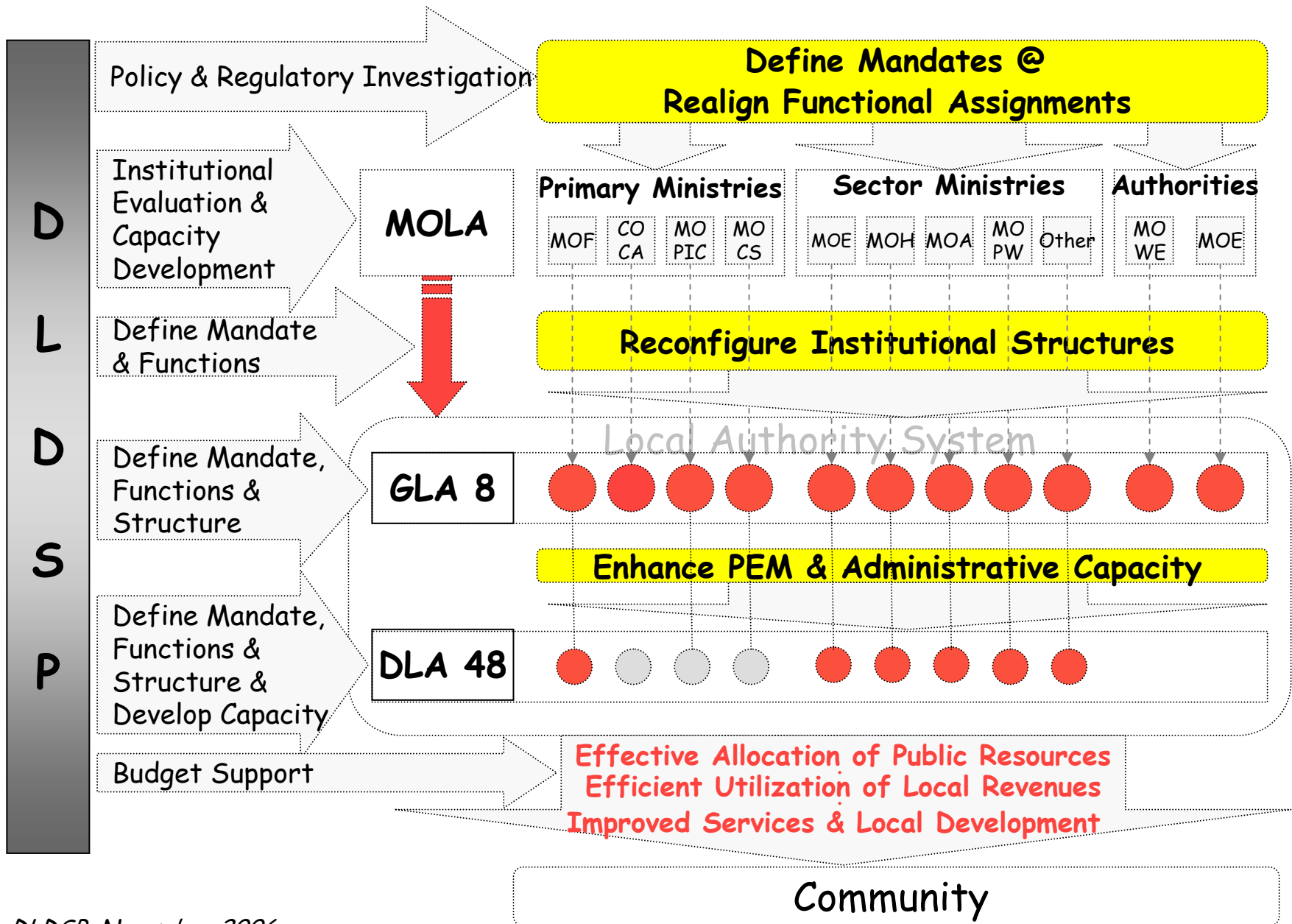
# Local Authority System

## Current: Modalities of Donor interventions @ the Local Level



# Decentralization & Local Development Support Program

## Phase 2 of Pilot: 2005-2007



# Decentralization & Local Development Support Program Actions Funded by Donor Contributions - Phase 2 of Pilot: 2005-2007

## UNDP/UNCDF: 6 districts

- Program Design, management & Technical Guidance
- Policy Research/ID
- Development of Statutory PEM procedures
- Piloting of procedures
- Budget Support

## Social Fund for Development: 8 districts

- Development of Statutory PEM procedures
- Piloting of Procedures
- Budget & Project Support

## The Government of Italy:

- Policy Research
- Piloting of Procedures

## USAID: 8 districts

- Institutional Development
- Policy Research
- Piloting of Procedures
- Budget Support

## DANIDA: 4 districts

- Institutional Development
- Policy research
- Piloting of Procedures
- Budget Support

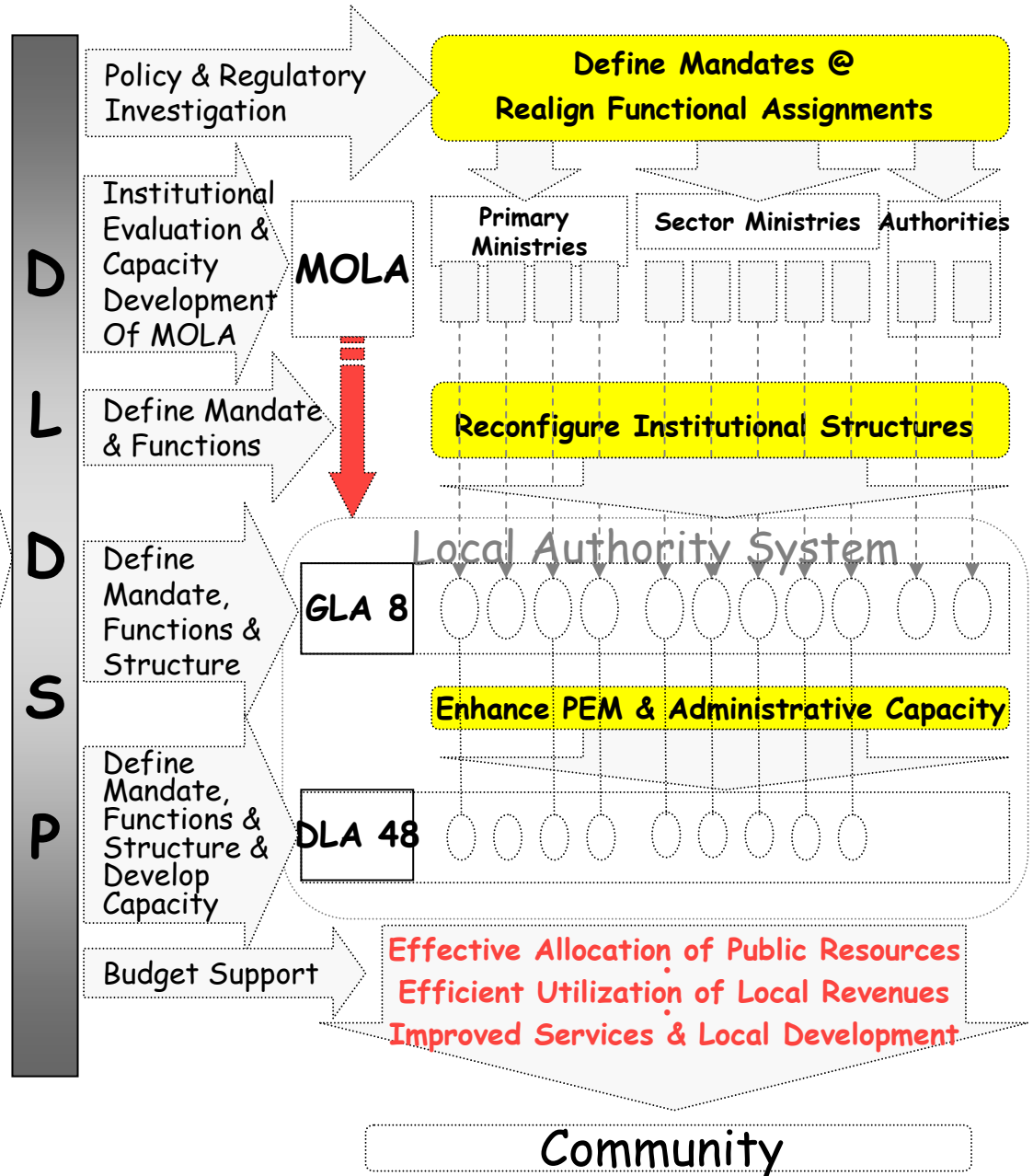
## Public Works project

### 20 districts

- Piloting of Procedures
- Project Support

## Government of France 2 d

- Policy Research, ID & Piloting

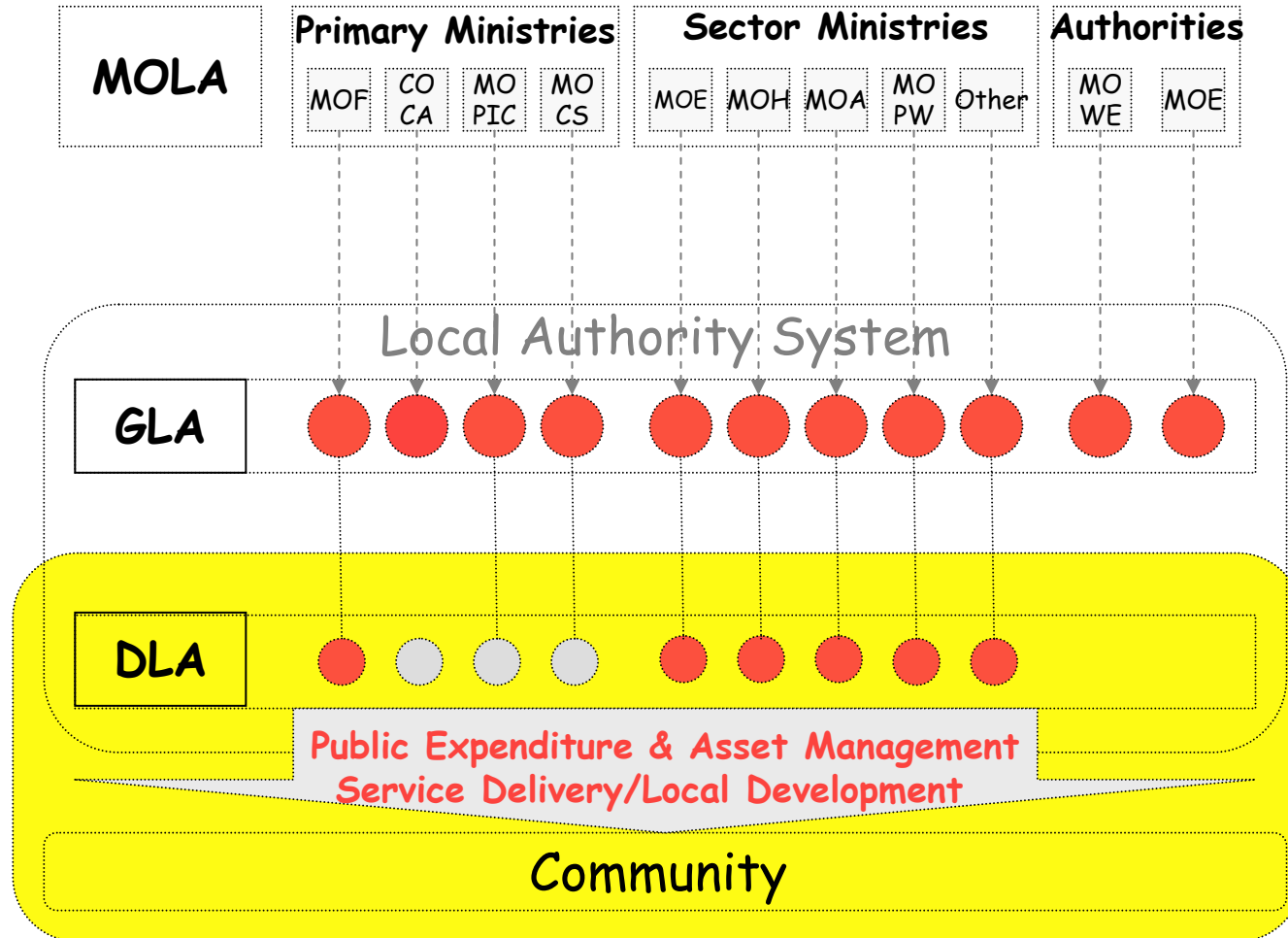


# Decentralization & Local Development Support Program

Phase 2 of Pilot: 2005-2007

Areas of In-Depth Inquiry:

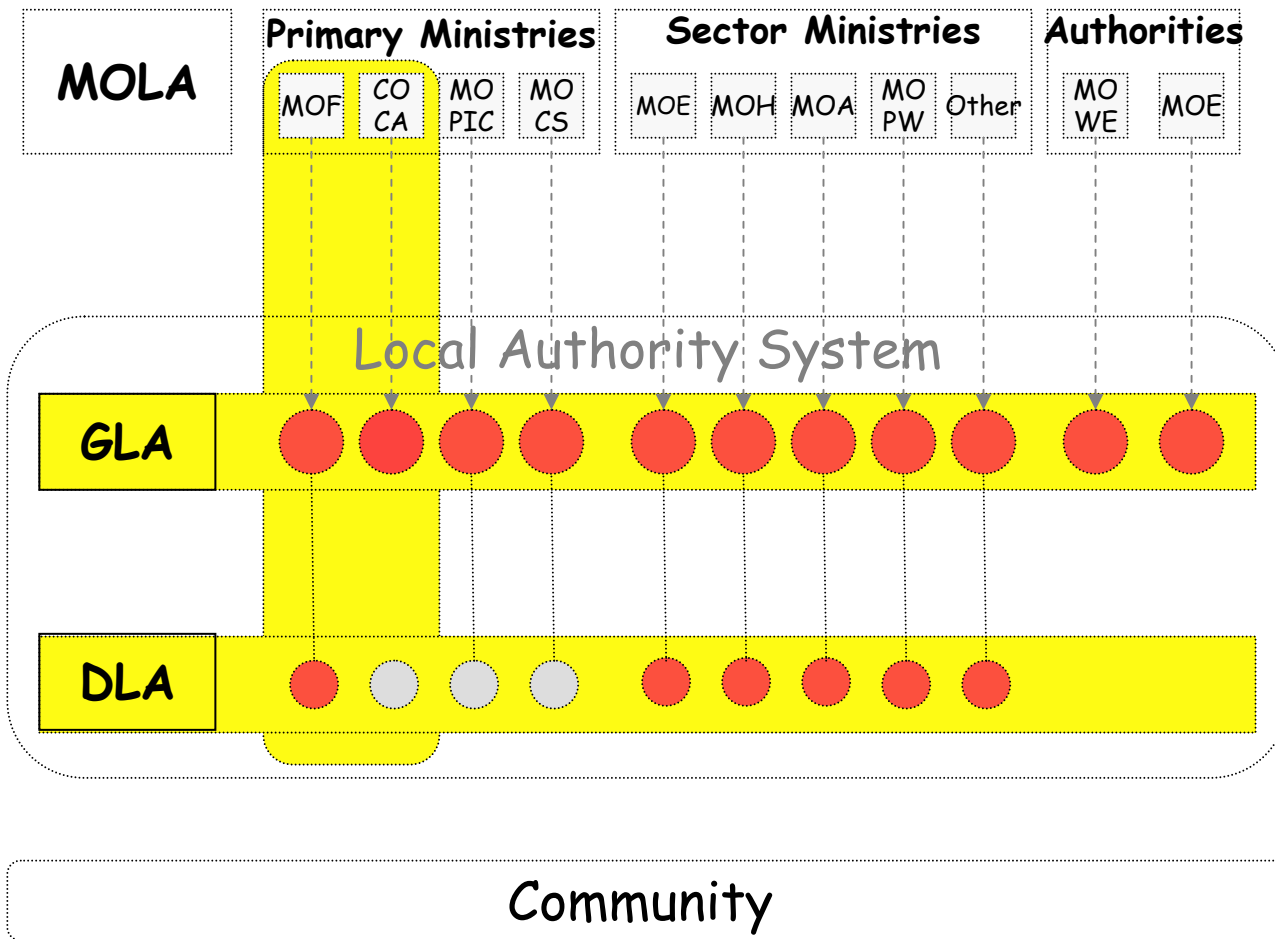
The Capacity Requirements of the District Local Authority  
Observations of the DLDSP Pilot @ the District level



# Decentralization & Local Development Support Program

## Phase 2 of Pilot: 2005-2007

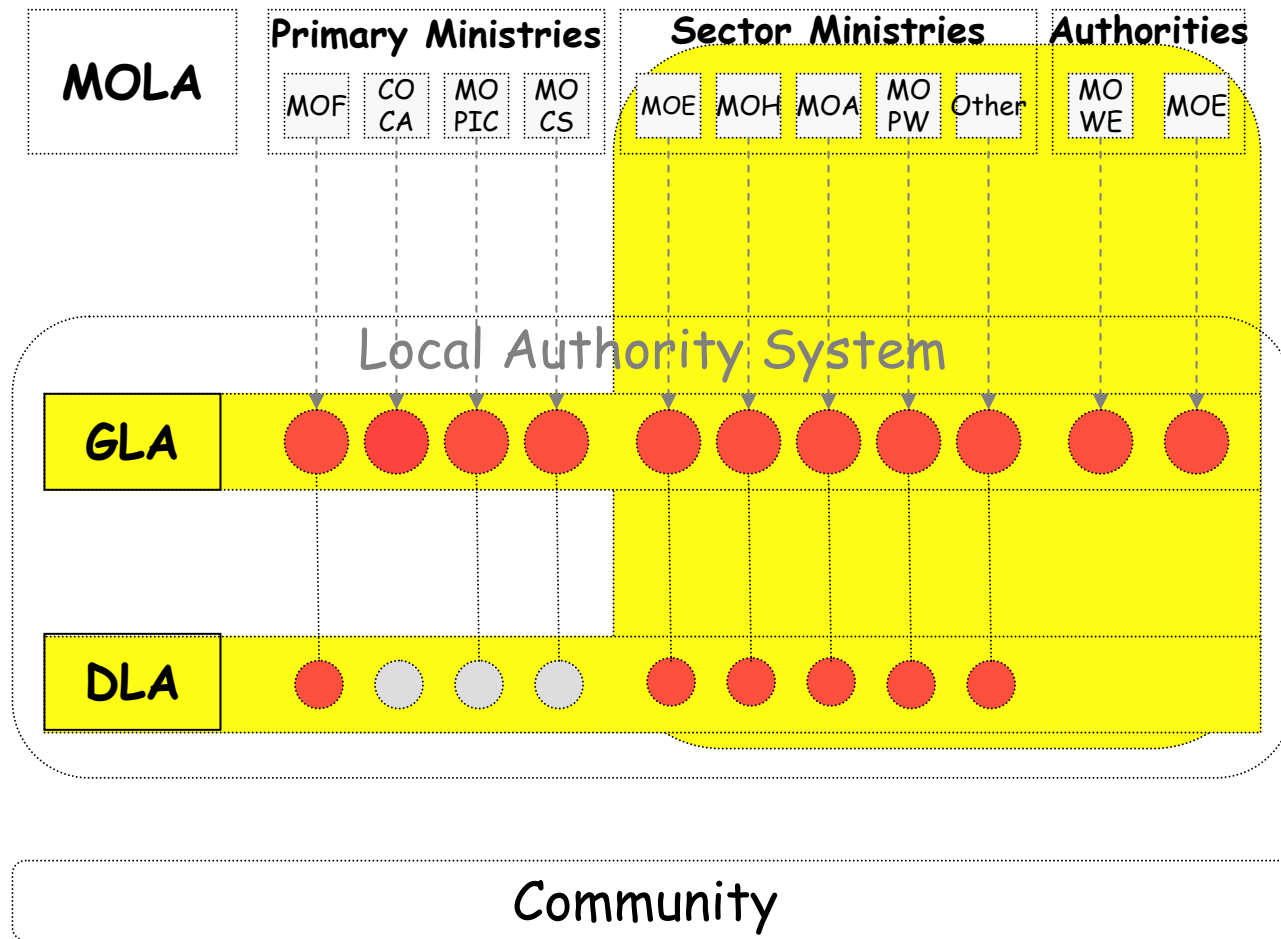
### Areas of In-Depth Inquiry: Local Finance & Financial Management



# Decentralization & Local Development Support Program

## Phase 2 of Pilot: 2005-2007

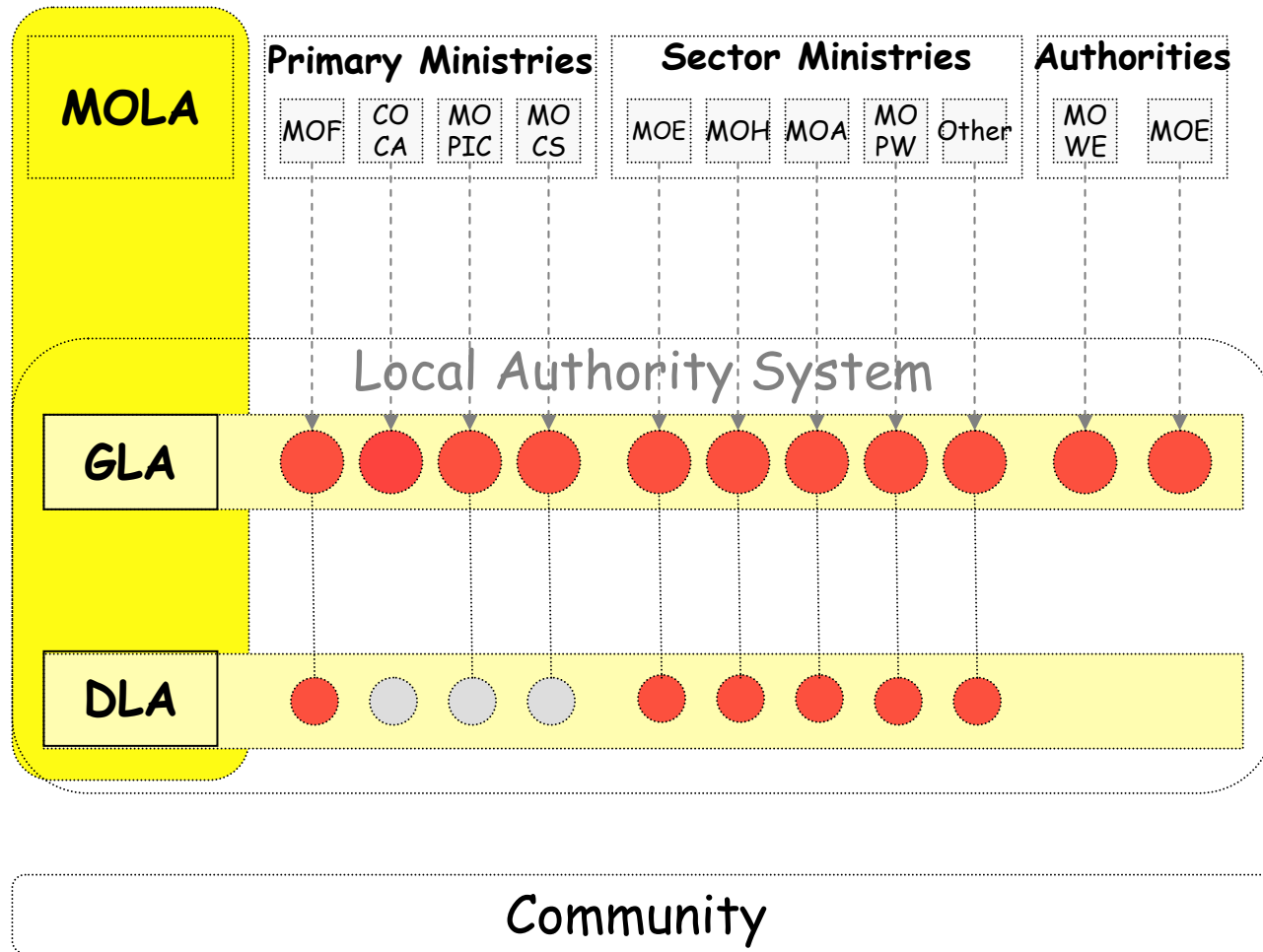
### Areas of In-Depth Inquiry: Sector Decentralization & Functional Assignment



# Decentralization & Local Development Support Program Phase 2 of Pilot: 2005-2007

## Areas of In-Depth Inquiry:

### Mandate & Institutional Structure of the Ministry of Local Administration



# **The National Decentralization Strategy**

## For Strengthening the System of Local Authority

# Objectives of a Decentralized System of Governance

## Contributes to National Development through

- Growth in Locally Generated Revenues/Relieving the Center
- Expansion in the Scope & Scale of Economic Activity
- Efficient Utilization of Public Funds

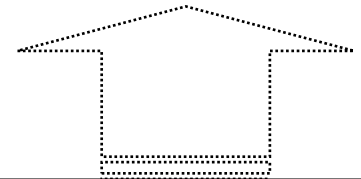
## Produces Local Development & Alleviates Poverty through

- Improved Quality & Scope of Coverage of Public Infrastructure and Services
- Enhanced Environment for Socioeconomic Development
- Safeguarding the Environment & Natural Resources

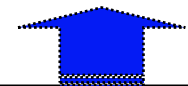
## An Efficient & Effective System of Local Administration

- Responsive to Community Needs
- Equitable, Accurate & Transparent at Allocating Public Resources and Effective at Delivering Services and Supporting Economic Growth
- Effectively Manages Natural Resources & Protects Environment

*National Development*



*Local Development  
Reduced Poverty*



*Economic Development*

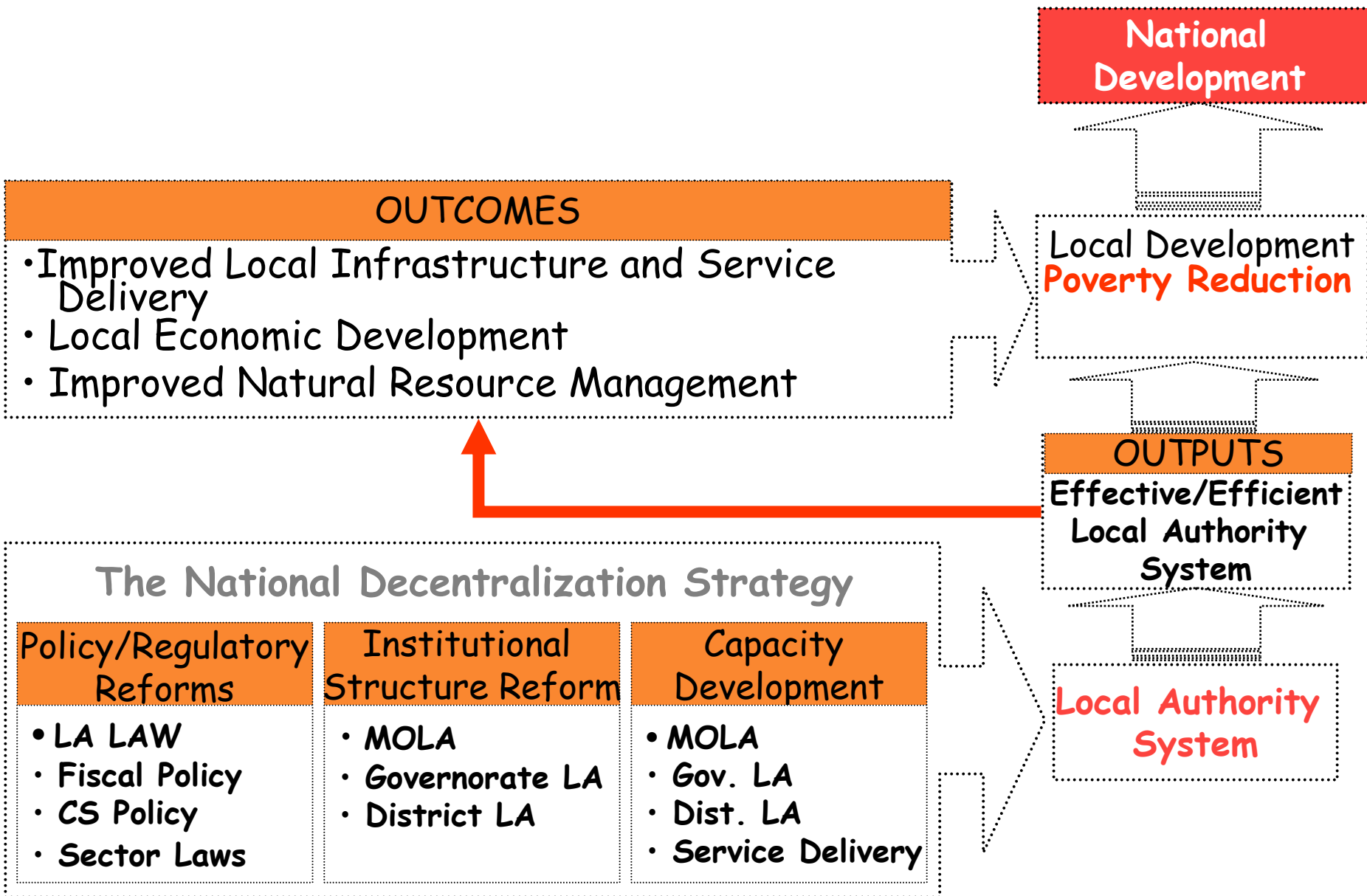


*Improved Services*

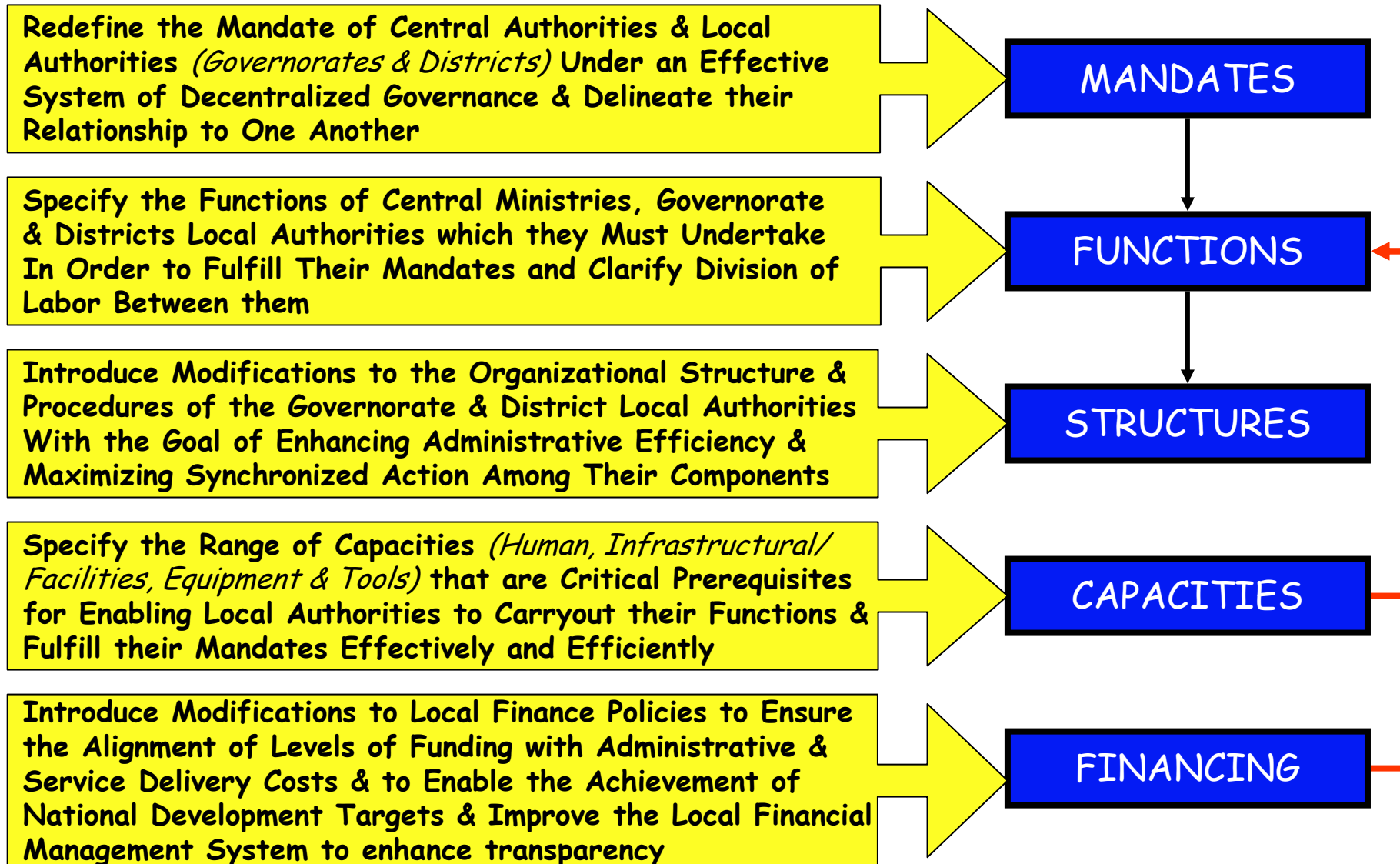


*Decentralized  
Governance*

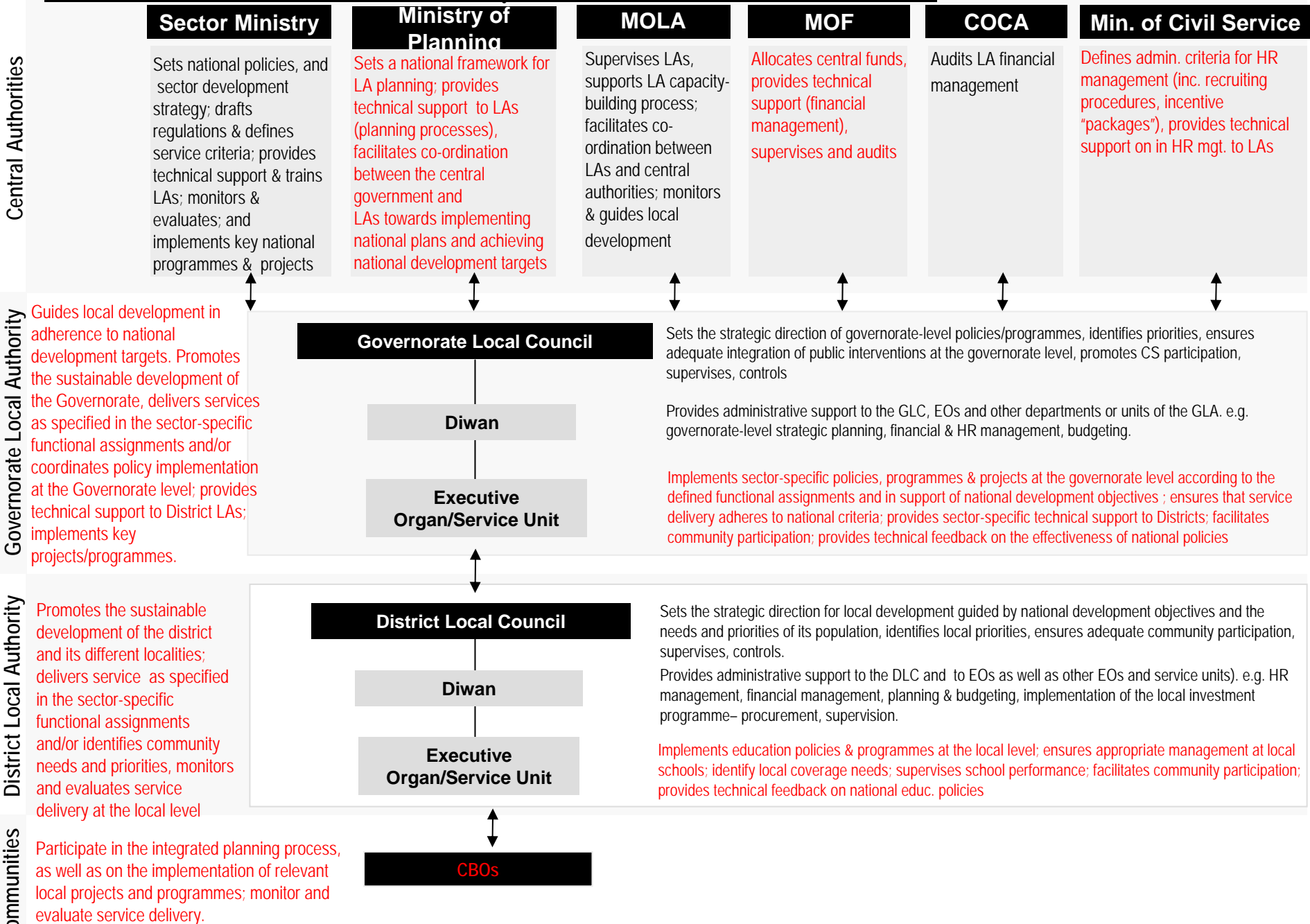
# Goals of the National Decentralization Strategy



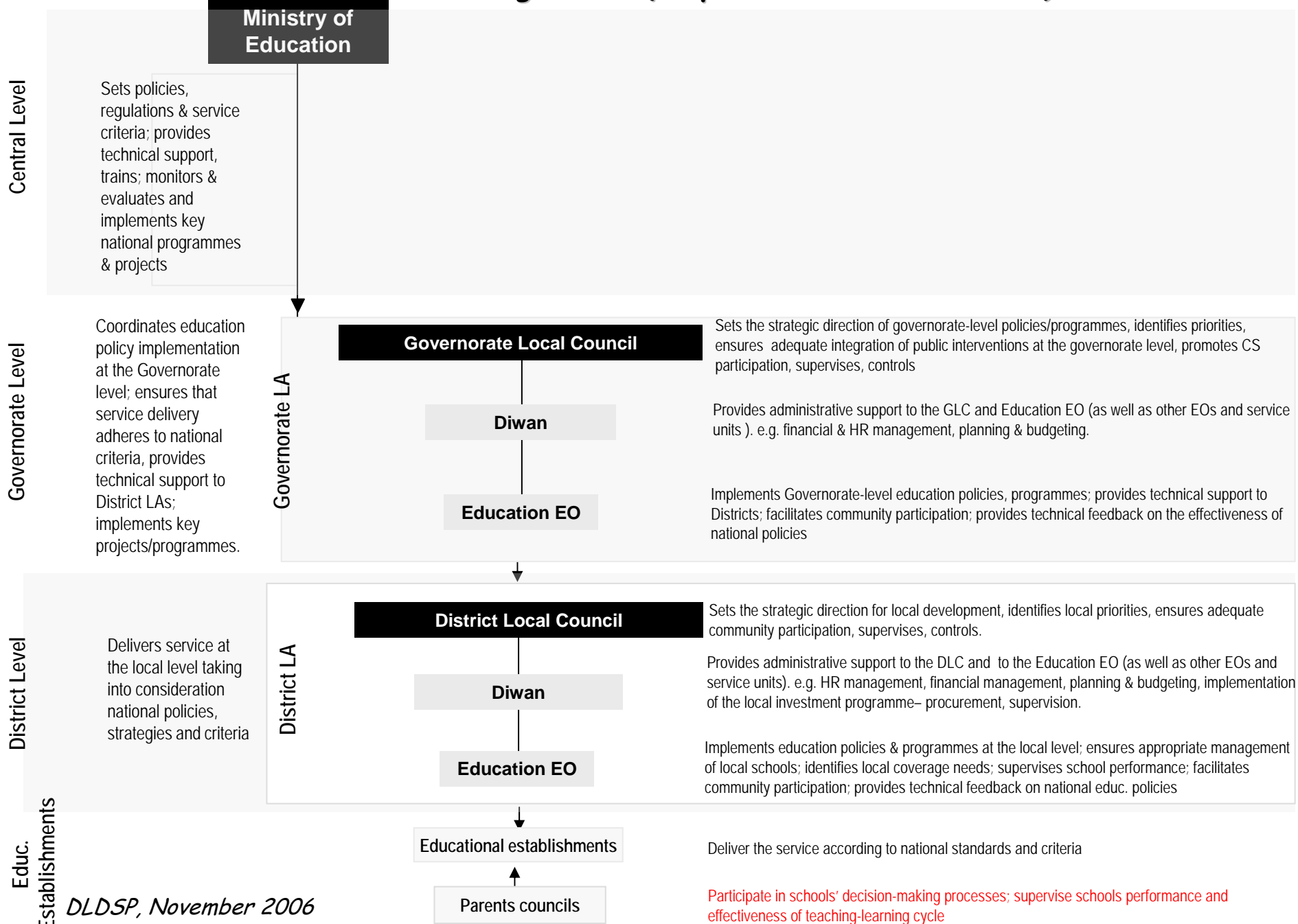
# Areas of Focus of the National Decentralization Strategy



# Mandates, Functions and Key Institutions: An overview



# Decentralizing Education: A Delegation - Devolution Model An outline of the main institutional arrangements (Proposal - Under discussion)



# Decentralized Electricity: A De-Concentration- (proposal - under discussion)

Centralized & de-concentrated functions

Devolved functions

Outsourced Functions

Central level

**Ministry of Electricity**

Defines national policies, regulations & service delivery criteria

**PEC (National grid system)**

**Rural Electrification (Off-grid systems)**

Ensure wider coverage & improved service delivery; implement national projects to enhance electricity generation, transmission & dist.; review key local project proposals

Governorate level

**PEC Branch**

**RE Branch**

**Governorate Local Council**

Sets the strategic direction of governorate-level policies/programmes, identifies priorities, ensures adequate integration of public interventions at the governorate level, promotes CS participation, supervises, controls

Governorate LA

**Diwan**

Provides administrative support to the GLC and Technical Unit/Department (as well as other EOs and service units). e.g. financial & HR management, planning & budgeting.

**Strategic Planning Unit**

Ensures that electricity projects adhere to urban regulations and are coherent and properly synchronized with projects/other forms of interventions proposed or being implemented in other sectors; facilitates co-ordination among implementing units

**Technical Unit**

Identifies and/or prepares project proposals to ensure better service provision at the gov. level (proposals submitted to deconcentrated branches of Electricity Authorities); provides technical support to Districts; monitors and supervises service delivery and project implementation; coordination

District level

**District Local Council**

Sets the strategic direction for local development, identifies local priorities, ensures adequate community participation, supervises & controls the performance of the Diwan Dpts., the EOs and technical units.

District LA

**Diwan**

Provides administrative support to the DLC and to the Technical Unit/Department (as well as other EOs and service units). e.g. HR management, financial management, planning & budgeting, implementation of the local investment programme- procurement, supervision.

**Technical Unit**

Identifies needs at the local level and informs relevant authorities; provides technical support and/or co-ordination for basic maintenance, monitors and evaluates, collects local data (GIS), promotes higher levels of awareness on sustainable energy consumption

Projects

PEC Projects

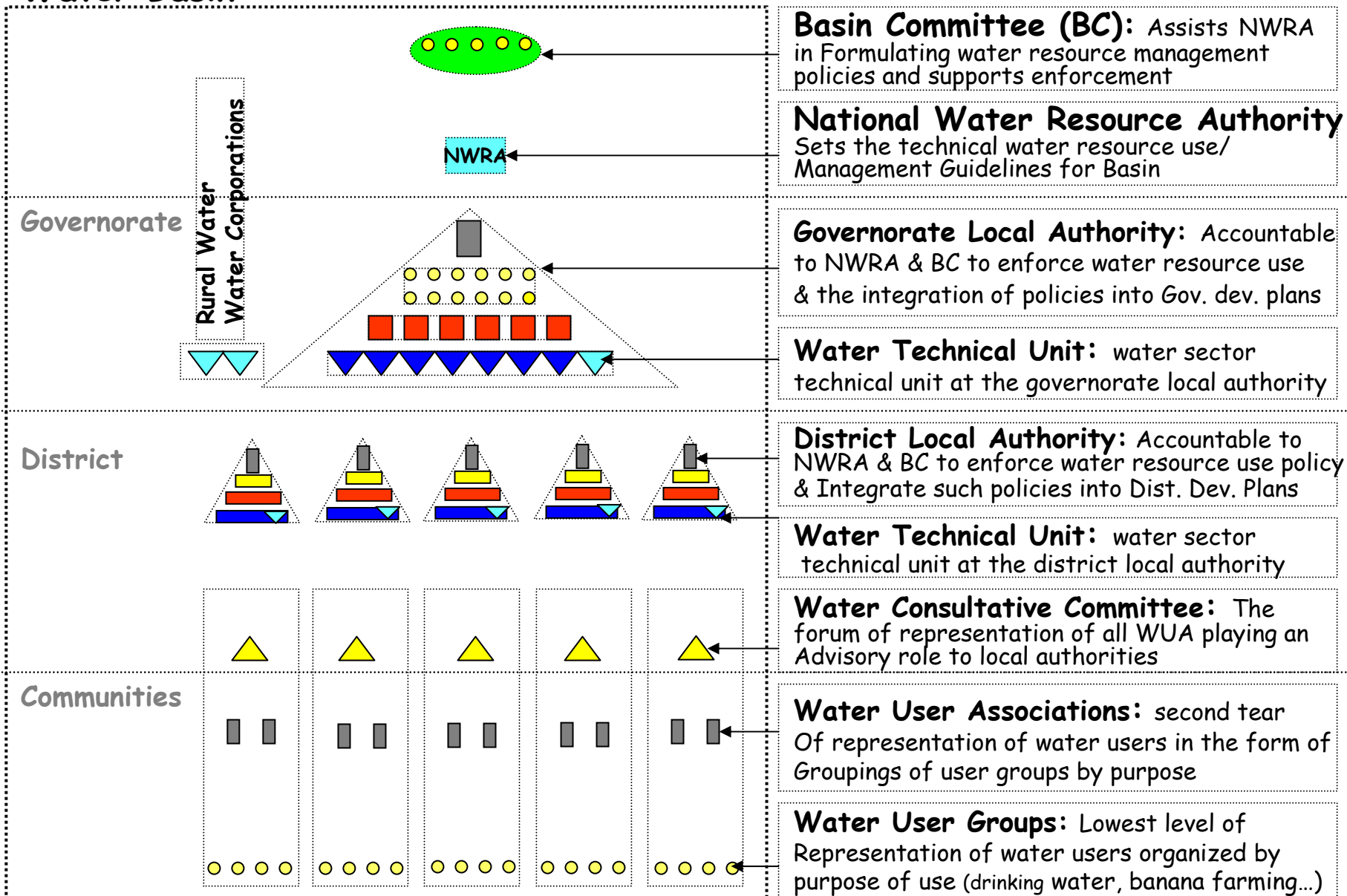
RE Projects

Private contractors and/or cooperatives

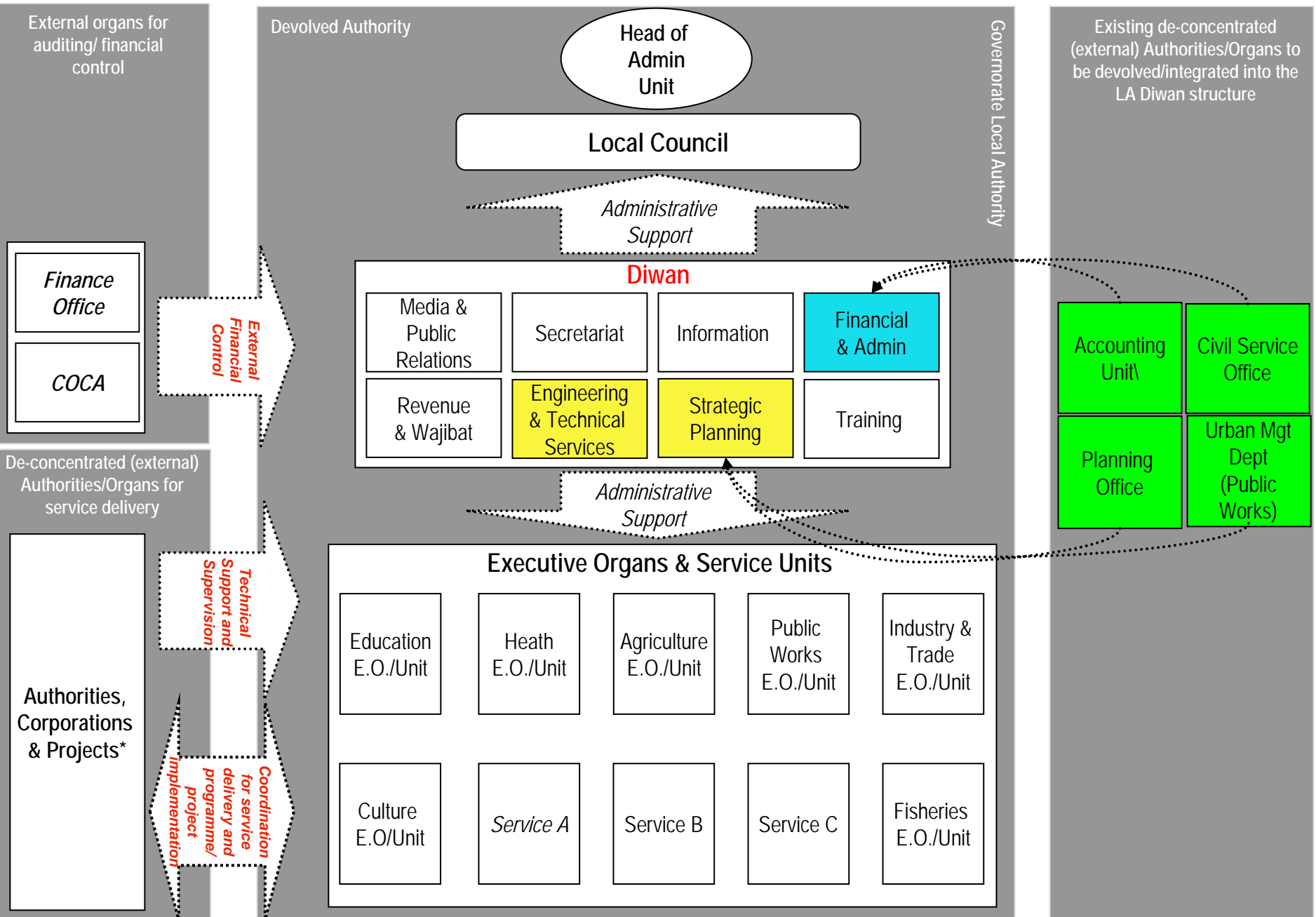
Participate in project execution on the basis of contractual arrangements

# Draft Decentralized Water Resource Governance Structure (Basin to User)

## Water Basin

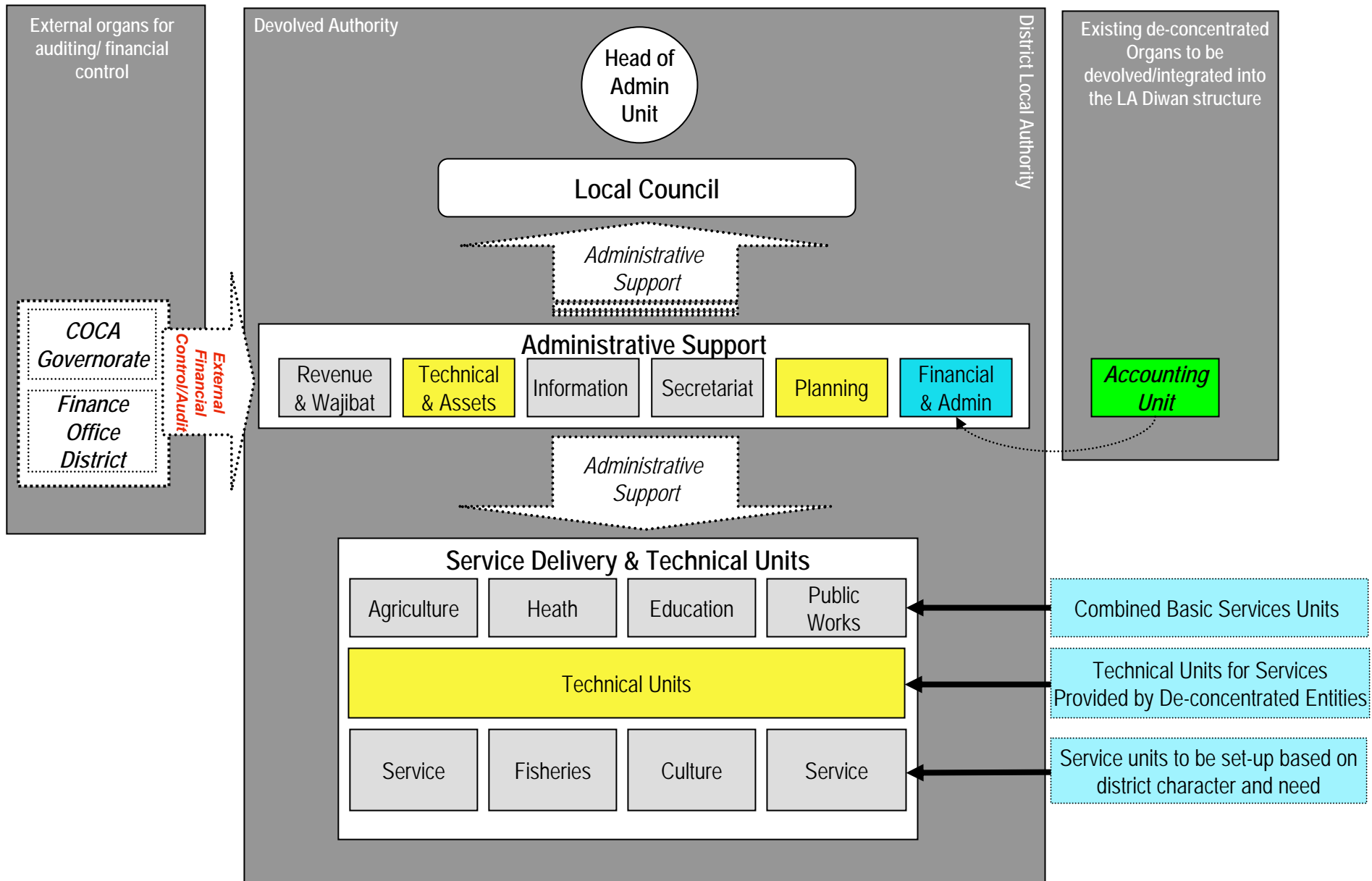


# LA Institutional Structure: Proposed Restructuring of the Governorate Local Authority and key relationships between de-concentrated & devolved organs

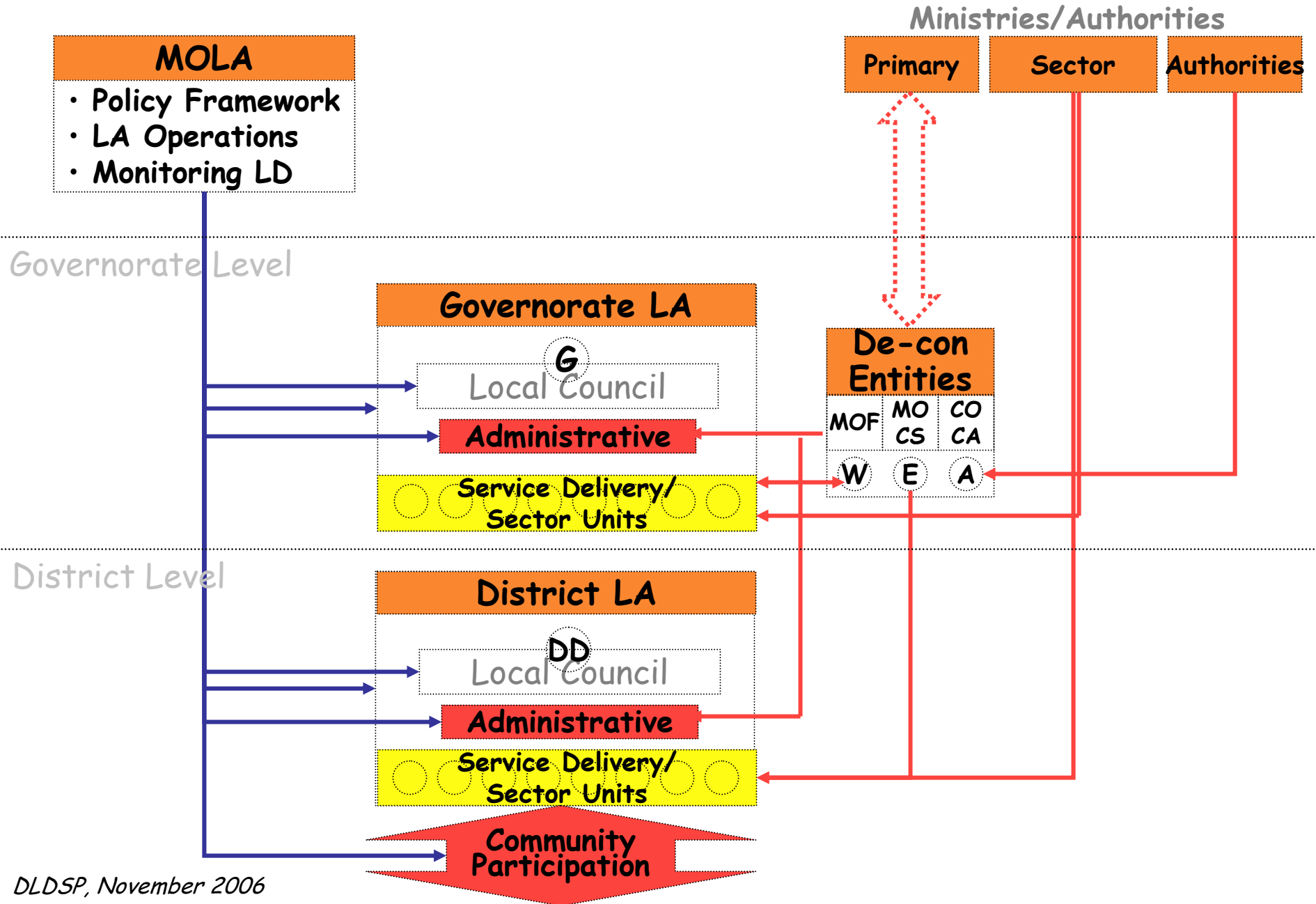


\*For more details on the de-concentrated Authorities & Corporations, see sector-specific institutional outlines

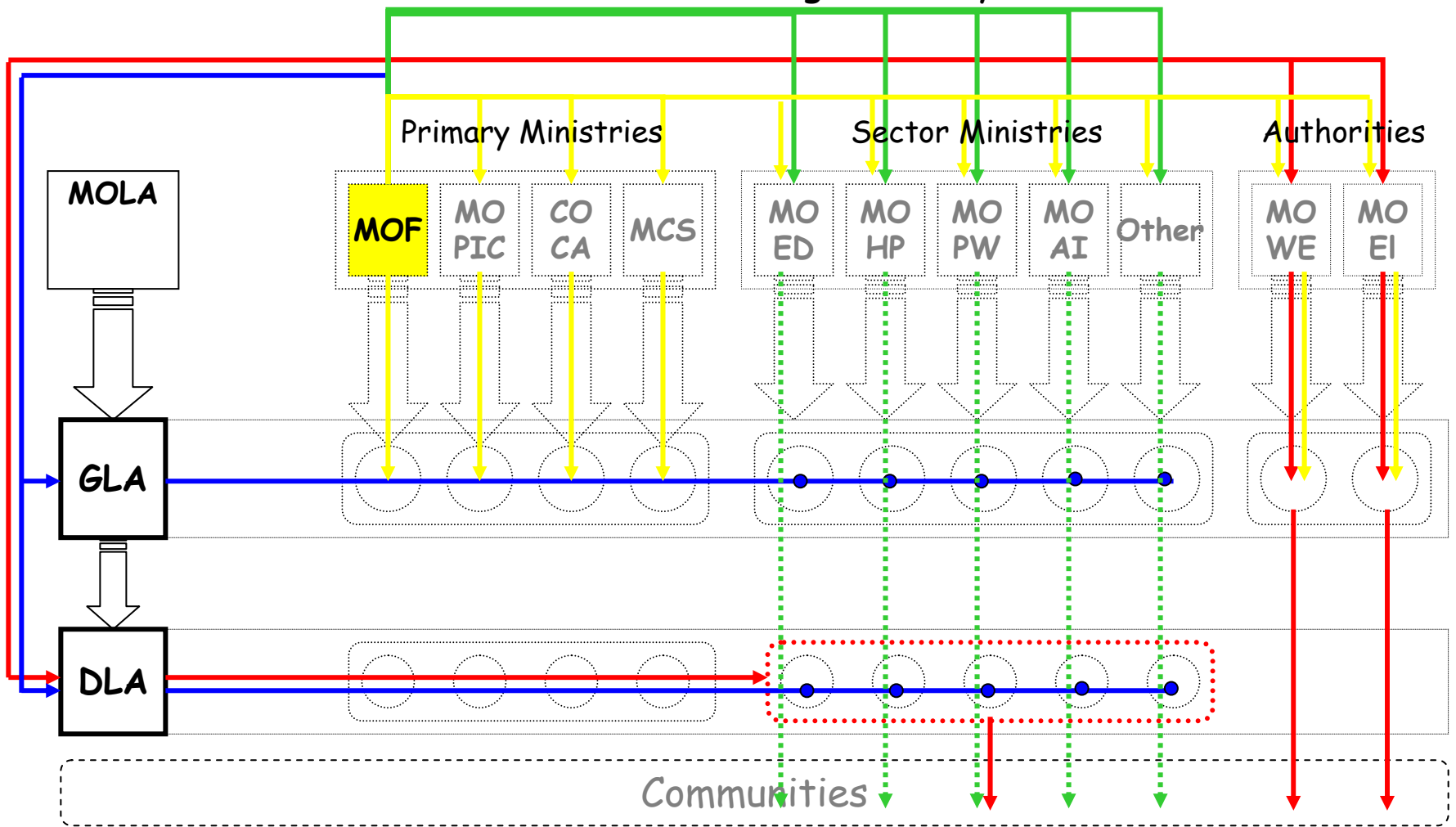
# LA Institutional Structure: Proposed Restructuring of the District Local Authority and key relationships between de-concentrated & devolved organs



# LA Capacity: Scope and Division of Labor



# Proposed Fiscal Decentralization Reforms: Financing of LAs & their Financial Management System



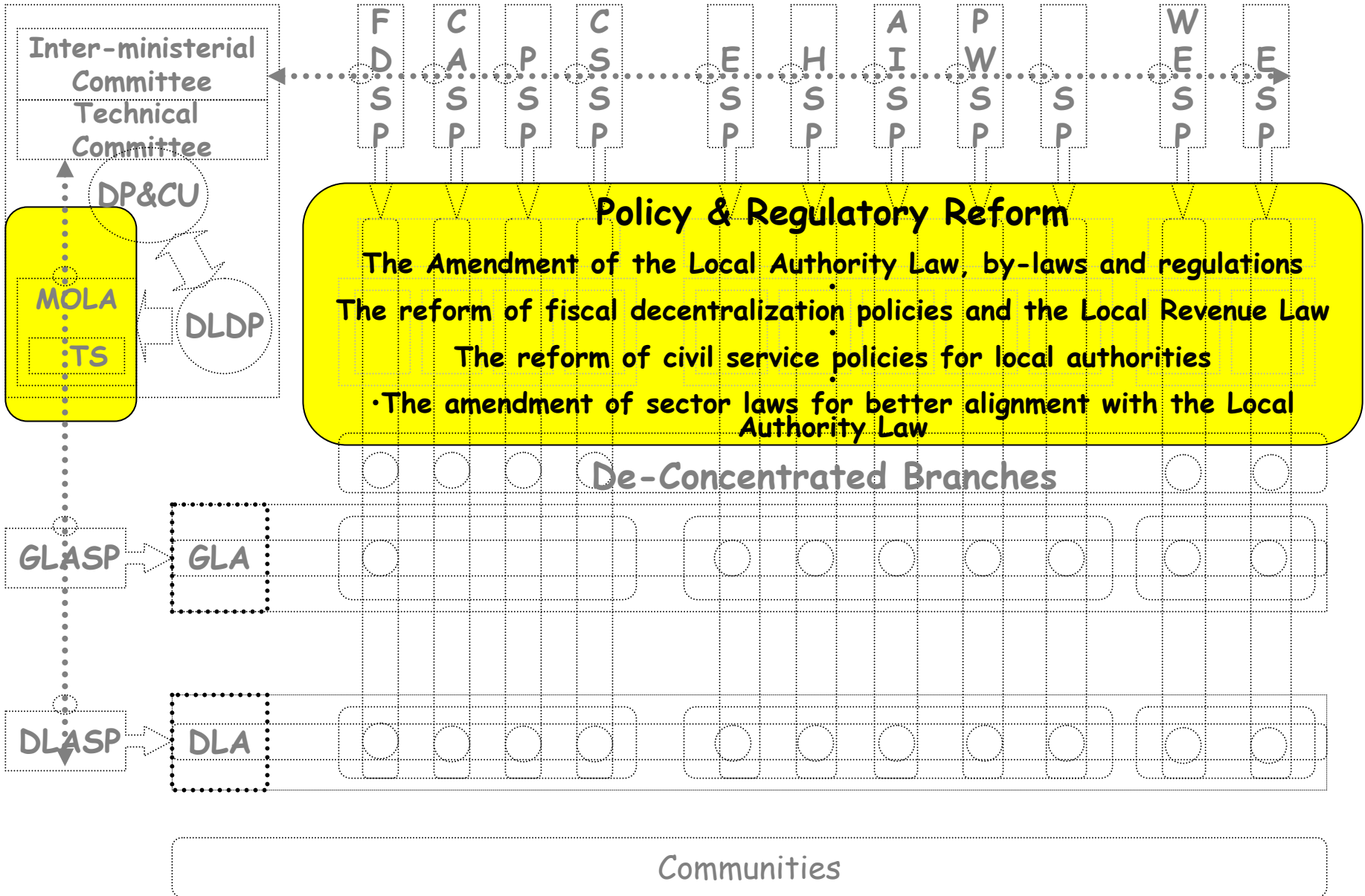
- Local Capital Fund Flows
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# **The National Program**

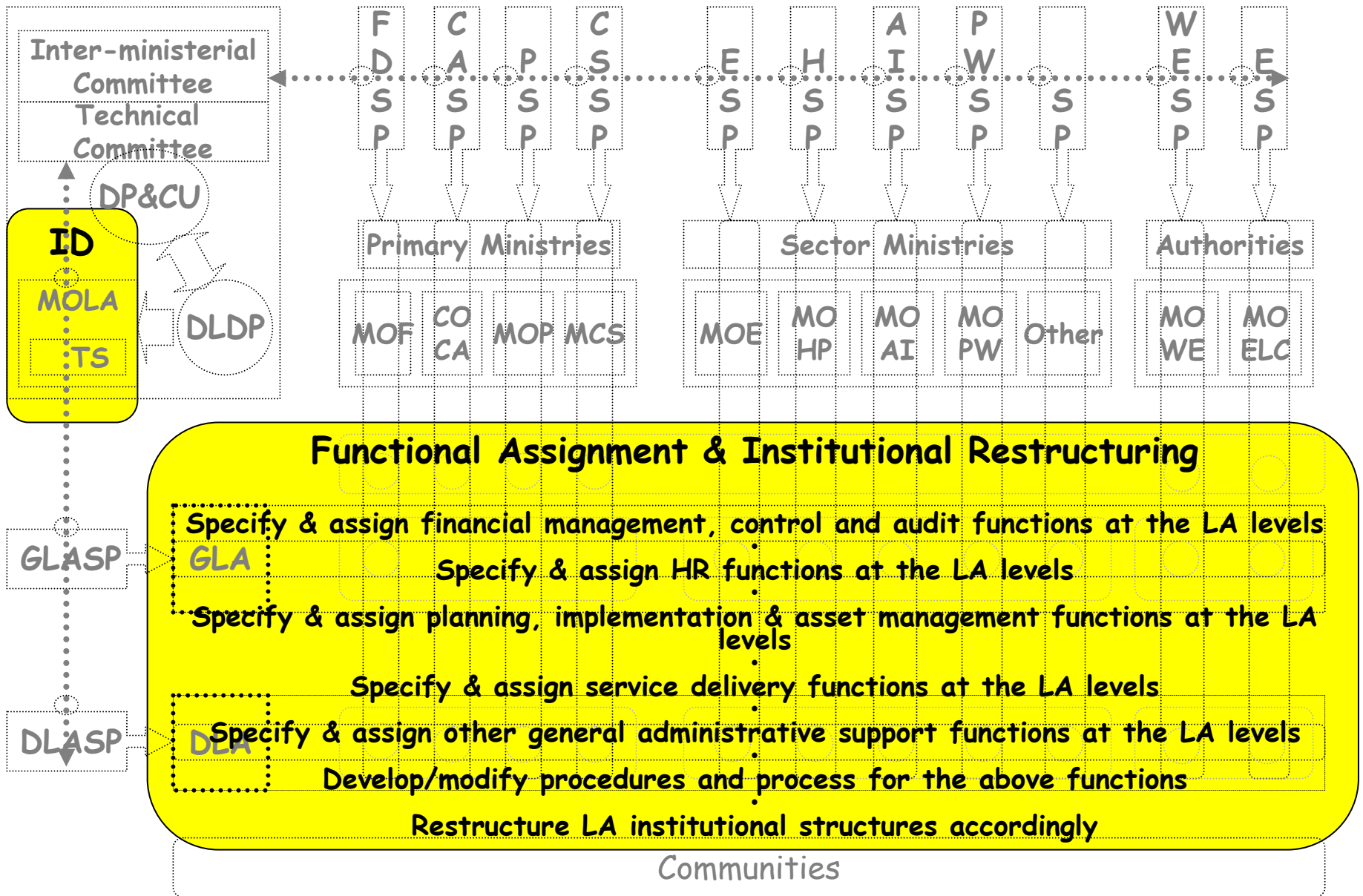
## For Strengthening the System of Local Authority



# National Program: Policy & Regulatory Reform Component



# National Program: Functional Assignment & Institutional Restructuring Component



# National Program: Capacity Development

