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Promoting Economic Resilience in Yemen Second Steering Committee Meeting Minutes of Meeting

The EU-OECD project on Promoting Economic Resilience in Yemen held its second Steering Committee meeting on **05 October 2022** in Amman, Jordan. Dr. Carlos Conde, Head of Division, Middle East and Africa Division, Global Relations Secretariat led the OECD delegation, which co-hosted a large delegation from the government of Yemen, led by H.E. Nazar Basuhaib, Vice Minister of Planning & International Cooperation (MoPIC), H.E. Mohammed Ba Naga, Vice Governor of the Central Bank (CBY) and Dr. Safa Matai, Head of the Central Statistical Organisation (CSO). H.E. Gabriel Munuera Viñals, Ambassador of the European Union (EU) to Yemen led the EU delegation. 16 OECD officials joined virtually and Mohammed Baraka, project manager, moderated the meeting.

This second convening of the project's Steering Committee had three main objectives:

- Present a progress update of:
 - Implementation status by workstream
 - The project's online dissemination platform
 - The project's monitoring and evaluation (M&E) strategy
- Present the current development priorities in Yemen (*presentation by the MoPIC*);
- Receive feedback from the Yemeni participants, discuss the status of the implementation and the next steps.

Opening remarks

H.E. Gabriel Munuera Viñals welcomed the participants and reiterated the EU's continued commitment to the promoting an economic track to the peace process that is being led by the Office of the Special Envoy to the Secretary General to Yemen (OESGY). This project is part of the EU's broader support to the Government of Yemen in supporting economic resilience and creating the conditions in the country for viable economic growth through capacity building activities.

H.E. Nazar Basuhaib thanked the EU and the OECD for their continued support. He highlighted the unique scope of the project and the hands-on engagement with Yemeni institutions and stakeholders. He made note of certain logistical difficulties, namely the delay in the payment of participants, and underlined the readiness of MoPIC to work jointly to ensure a smooth implementation of future activities.

Dr. Carlos Conde gave an overview of recent political and economic developments impacting Yemen, including the Russian invasion of Ukraine and its impact on global food supply, but also the window of opportunity that has risen with the April truce, especially in aligning the humanitarian and development priorities of the country. He presented the different work streams that make part of the project and highlighted their alignment with the economic track of the UN-led peace process. In doing so, he elaborated on the various activities that have targeted over 100 participants from 12 public institutions and private sector organisations. The trainings and workshops have been supplemented with substantive reports and peer-learning exchanges.

Interactive progress update



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OECD staff both present and joining remotely delivered progress updates of their respective work streams and outlined future activities in 2022 and 2023. The session was interactive and allowed participants to intervene with comments.

Economic Governance

Assia Elgouacem from the Economics Department presented the **economic governance** workstream. Under this area, the project aims to enhance economic governance and support core functions of key central economic institutions to pave the way towards macroeconomic stabilisation. The action has organised a first workshop on “Improving the regulation of product (non-financial) market activities with emphasis on network industries” in July 2022. The next proposed workshops focus on the following:

- Enhancing key features of fiscal and budgetary systems:
 - Explore the economic development, resilience and fiscal governance nexus with a focus on quality and composition of government expenditure to encourage inclusive growth.
 - Discuss main components of effective fiscal governance for increasing revenue collection and improving expenditure management, including
 - Identify most relevant reform areas for fiscal and budgetary systems (in the short, medium and long term), identify and discuss challenges, and foster inter-ministerial dialogue.
- Strengthening institutional underpinnings of key economic institutions (Central Bank and Ministry of Finance):
 - Help develop a shared vision of priorities to strengthen key economic institutions and contribute to a medium-term development strategy.
 - Identify and sequence key elements for a roadmap towards building resilient and effective economic institutions (focus on the central bank and fiscal authorities) to set medium-long term goals the country aspires to reach.

Financial Resilience

Caroline Roulet from the Directorate for Financial and Enterprise Affairs presented the progress update of the **financial resilience** workstream. Under this area, the project has conducted a seminar on “Financial Policy Frameworks and Implementation Tools” in July 2022 attended by the Central Bank of Yemen, the Ministry of Finance, the MoPIC and commercial bankers, with the objective to facilitate an open discussion about high-level supervisory standards and implementation frameworks. The next proposed workshops focus on the following:

- Restoring trust and reputation in the Yemeni banking sector.
- Improving business conduct and risk management for microfinance activities at money exchangers.
- Improving access to credit for MSMEs to support an inclusive economic recovery.

Financial Education and Financial Consumer protection

Bianca Isaincu from the Directorate for Financial and Enterprise Affairs presented the progress update of the **financial Education and Financial Consumer protection** workstream. Under this area, the project has conducted in-person consultations (CBY, Ministry of Finance, MoPIC, and representatives of commercial banks), and is currently reviewing the OECD toolkit for collection of financial literacy and financial inclusion data, with the objective of adapting it to the Yemen context. The next proposed actions focus on the following:



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- Undertake an environmental scan of financial consumer protection regulation, institutions and activities in the territory, using the G20/OECD High-Level Principles on Financial Consumer Protection as a frame of reference.
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Fiscal policy

May Abo Ghally and Harry Tonino from the Centre for Tax Policy and Administration presented a progress update of the **Fiscal policy** work stream. Under this area, the project has organised a workshop on tax policy and domestic resource mobilisation that focuses on the underpinnings of tax policy analysis and offered an introduction to the Tax Inspectors Without Borders (TIWB)¹ programme. The next proposed actions focus on the following:

- Deliver e-learning modules to staff of the Tax Authority.
- Deliver peer-learnings with representatives of tax authorities from the region.
- Conduct a multi-stakeholder analysis to prepare for the development of a multi-year roadmap to match revenues to expenditure priorities

Statistical capacity

Philippe Gafishi from the Statistics and Data Directorate presented the progress update of the **statistical capacity** work stream. Under this area, the project has conducted consultations to identify members and establish a Statistics Task Force², and has led a training on Advanced Data Planning Tool (ADAPT), that helps CSOs and other data producers within the country to effectively plan for data required by policymakers and to continuously monitor progress. The next proposed actions focus on the following:

- Conduct a capacity gaps and Training needs assessment focused on CSO and public entities producing economic statistics/indicators.
- Implement a training program validated by CSO and Task Force members.
- Present a Statistics Priority Action Plan (2023-2024) for approval by the CSO and Task Force members.

Anti-corruption and money laundering

Amel Cheikhi-Derradj from the Directorate for Financial and Enterprise Affairs presented the progress update of the **Anti-corruption and anti-money laundering** work stream. Under this area, the project has conducted an assessment of corruption risks in Yemen. This included consultation with Yemeni stakeholders, a review of existing literature on corruption vulnerabilities in the country and conflict and post-conflict countries more generally, as well as technical consultations with the International Energy Agency (IEA) and the Union of Arabs Banks. The next proposed actions focus on the following:

- A multi-stakeholder dialogue on business integrity. Building on existing initiatives in the MENA region on policy and multi-stakeholder dialogue, the OECD will mobilise senior policy makers, businesses and civil society with the purpose to foster business integrity in the energy and banking sectors in line with OECD standards and best practices on anti-corruption and business integrity.

¹ Tax Inspectors Without Borders (TIWB) is a joint initiative of the OECD and the United Nations Development Programme supporting countries in building tax audit capacity.

² The CSO is currently identifying members of the Task Force.



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- A capacity-building seminar on Anti-Money Laundering to complement the multi-stakeholder dialogue, notably by highlighting the link and synergies between anti-corruption and anti-money laundering strategies.

Public advocacy for private sector development

Salma Labyad from the Global Relations and Cooperation Directorate presented the progress update for the **private sector development work stream**. Under this area, the project has conducted a preparatory dialogue between key representatives of the public and private sector, including MoPIC, the Ministry of Trade and Industry (MoTI), the Federation of Chambers Commerce (FCC) and local chapters, and targeted business organisations operating in Yemen. The next proposed actions focus on the following:

- Conduct public advocacy seminars and workshops
 - Trainings on capacity of private sector representatives to engage with public institutions to advance reforms
 - Peer learning activities on the functioning of private sector representatives in time of conflict
 - Stakeholders: FCC, select business associations, MoTI, MoPIC
 - Sectoral focus: fisheries, agribusiness
- Adapt the OECD Public-Private Dialogue methodology to the Yemeni context, including necessary steps and requirements to build a viable and impactful PPD platform.
- Publish a concept note on the contribution of the private sector to the recovery process.

Donor Coordination and financing strategy

Sarah Spencer Bernard and Cushla Thompson from the Development Co-operation Directorate presented the progress update of the donor coordination and financing strategy work stream. Under this area, the project has held consultations with 16 key stakeholders (Donors, multilateral development banks MDBs and the UN system) in order to produce an assessment of the existing coordination structures and coordination needs, and to develop a donor coordination and financing strategy process and report. The next proposed actions focus on the following:

- Continue engagement with Arab donors and institutions following bilateral consultations at the Arab-DAC Dialogue on 15 September 2022.
- Engage with MoPIC, MoF and CBY to discuss the financing strategy process.
- Finalise, monitor and adjust the donor coordination and financing strategy.

Yemen Knowledge Platform

To ensure the deliverables and outputs of the project remain available for any relevant stakeholder, including Yemeni institutions but also development partners active in Yemen, the OECD has developed an online dissemination platform. The [Yemen Knowledge Platform](#) is a digital one-stop-shop compiling in a user-friendly way all knowledge and material produced by the project in English and Arabic. It contains the following:

- General information about the project, including the project description, its timeline, policy areas and calendar.
- Relevant articles and reports filtered by policy area.
- News on economic resilience in Yemen and list of upcoming events
- Training modules, training material and data produced by the project



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Monitoring & Evaluation strategy

In an effort to ensure that the project reaches its full objective, a careful M&E strategy has been designed to track achievements and results at every stage: activities, output, and outcome. This is reflected in the project's log frame, which illustrates the logic of intervention and sets a framework to ensure that results are tracked and objectives are achieved at every stage.

At the current stage of the project and as activities are being implemented, the focus is placed on monitoring outputs to ensure their contribution to the outcome: for instance, assessing whether capacity-building activities equipped the beneficiaries with the necessary skills to design better policies. In this regard, end surveys have been used to assess capacity-building activities, which also helps develop a better understanding of the areas of improvement.

Overall, the findings suggested that to date participants are satisfied with the quality of the trainings' content and format. However, participants did underline that the activities were not always adapted and relevant to the context in Yemen, specifically some of the country case studies did not draw on similar experiences that are affecting Yemen at the moment. These findings feed into a Lessons Learnt system with a view to maximise the impact of the project. More specifically, two counter-active actions have been designed:

- Use case studies from economies who have undergone challenges of a similar nature to the Yemeni context, including institutional duplication, active conflict, lack of trust, etc.
- Coordinate more closely beforehand with stakeholders when designing the activities, or organise preparatory meetings/workshops to discuss the content.

Until completion of all of the activities, the quality and process monitoring will continue and findings will inform future activities. At the final stage of the process, the M&E activities will start assessing results at the output and outcome levels to measure the impact of the project.

Development priorities in Yemen – *delivered by MoPIC.*

Deputy Minister of MoPIC Mohammed Alhawri delivered a presentation of development priorities in Yemen, including recent political, economic, humanitarian and social developments. Six priority areas for recovery and reconstruction were highlighted, among which four are of direct relevance with the EU-OECD project and the expertise of the OECD:

1. Operationalising state institutions and stabilisation of the political and security context
2. Addressing humanitarian needs of vulnerable groups and **transitioning to development programmes.**
3. Restoring of basic services for the population.
4. **Restoring macroeconomic stability and creating job opportunities.**
5. **Rebuilding infrastructure damaged by the war.**
6. **Promoting private sector resilience and consolidating its role in the recovery process.**

The priorities outlined by the MoPIC have been shared with all OECD staff, who work closely on ensuring an alignment with the country's development priorities.

Discussion

During the presentation, Yemeni stakeholders raised a number of remarks on the progress so far.

In general, with regards to the **implementation of the action,**



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- Participants underlined their appreciation of the progress so far, and their willingness to develop the close engagement with the OECD and the EU.
- Deputy Minister Mohammed Alhawri underlined the importance to not engage with the workshops as silos, but to ensure a **close follow-up for continuous learning**.
- He also noted, on occasion, a lack of coordination with the MoPIC. This makes reference to the hiring of a local officer through a public procurement process that did not involve the Yemeni government. As an immediate next step, OECD staff set up meetings with relevant staff of the local partner and MoPIC representatives.

Concerning the **economic governance** and the **financial resilience** work streams, MoPIC Vice-Minister Nazar Basuhaib stated that while the topics the future workshops aim to address are of critical importance, their **scope may be overly broad** to be efficiently covered during the seminars and may hinder the full implementation of the project's objectives.

Concerning the **tax policy** work stream,

- Deputy Minister of Finance Nasser Al Harbi underlined the low capacity of the fiscal authority³ and the necessity for **structural reforms** through technical assistance.
- Deputy Minister of MoPIC Mohammed al Hawri addressed the necessity for development partners to coordinate and to focus on general sales tax (GST), as opposed to value added tax (VAT), until the VAT administration has enough capacity⁴. OECD staff confirmed that the intervention focuses on how to build the capacities of the sales tax that is being implemented.

Concerning the **statistical capacity** work stream, Head of the CSO Dr. Safa Matai gave an update on the status of the CSO Aden, that is now an independent entity⁵. She underlined the significant challenges to policy reform and planning that are posed by the lack of defined statistical base and population statistics. She expressed the desire to hold face-to-face trainings and meetings of the Statistics Task Force, and to establish regular communication channels to ensure the trainings and the creation of the task force bring sustainable results on the capacity of the CSO and MDAs to collect and analyse data.

Concerning the **donor coordination and financing strategy** work stream,

- MoPIC Vice Minister voiced concerns about, on the one hand, the already high number of coordination initiatives and on the other, the lack of integration of Yemeni stakeholders, notably the MoPIC, in the consultative process leading up to the creation of the coordination and financing strategy. OECD staff announced that the immediate next steps are to launch the consultations between the IRG and the donor community to discuss the coordination mechanism.
- MoF Deputy Minister Nasser Al Harbi also underlined the high number of donors and development partners active in Yemen and the impression that the international community is not coordinating their activities. The Deputy Minister suggested that the OECD could bring the most impact by focusing on addressing short term needs, while other partners (IMF, World Bank) focus on long and medium term planning.

³ In terms of human capacities, for instance, the YTA has a staff of 30 people.

⁴ The GST and VAT element makes part of a broader discussion between international development partners (notably the OECD, the IMF, the World Bank, USAID and Pragma). Regular meetings take place between the stakeholders involved to ensure coordinated interventions in the area of tax policy reform and implementation.

⁵ During the project's inception phase in 2020, the Aden CSO was the only public institution that was not fully separate from the Sanaa CSO.



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- OECD staff and Head of Cooperation at the EU Delegation Karolina Hedström confirmed that coordination between development partners and with Yemeni authorities is of utmost importance, and recalled that the objective of the project is not to create a new structure but to synergise current fragmented areas.

Concerning the project's **monitoring and evaluation**, MoPIC Deputy Minister Mohammed Alhawri noted that there has not been an evaluation of the workshops conducted so far. OECD staff explained that end surveys were conducted and analysed, but not shared with participants after each workshop, and agreed that Yemeni stakeholders should be more involved in the overall M&E process and activities.

Next steps

- Systemise communication with MoPIC at different stages of the activity cycle:
 - Design the activity in closer coordination with MoPIC and target beneficiaries.
 - Share the outcome and takeaways of the monitoring and evaluation of each activity.
- Systemise communication with MoPIC at different stages of the activity cycle:
 - Systemise communication between the OECD, MoPIC and DeepRoot for greater efficiency of the logistical processes.
 - Launch a round of consultations with the IRG to present the donor coordination and financing strategy process (Q4 2022).
- Organise the third Steering Committee meeting (Q2 2023).



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Government of Yemen

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Mohamed Ahmed Ali Al-Hawri, Deputy Minister of Planning & International Cooperation
Nasser Alharbi, Deputy Minister of Finance
Mohammed Omar Ba Naga, Vice Governor of the Central Bank of Yemen
Mamdooh Mohammed Farhan, Director General for Lahig Province, Central Bank of Yemen
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