Yemen: Decentralisation and Local Development Support Programme

Report on the

Final Evaluation of the UNDP and UNCDF Local Development Programme

Submitted to the UNCDF
3rd June 2008

The analysis and recommendations of this report do not necessarily reflect the view of the United Nations Capital Development Fund, its Executive Board or the United Nations Member States. This is an independent report commissioned by UNCDF and reflects the views of its authors

CONTENTS

Acronyms

CBOs	Community-Based Organisations
COCA	Central Agency for Control and Audit
CTA	Chief Technical Adviser
CTs	Core Teams
DANIDA	Danish International Development Association
DDC	Dryland Development Center
DEX	Direct Execution
DFT	District Facilitations Teams
DLDP	Decentralisation Local Development Programme
DLDSP	Decentralization and Local Development Support Project
DPCU	Decentralisation Policy and Coordination Unit
EOs	Executive Offices – implementing agents at local level
ET	Evaluation team
GD	General Directororate
GLA	Governorate |Local Authority
GLASP	Governorate Local Authority Sub-Program
DLASP	District Local Authority Sub-Program
GIS	Geographic Information System
GNI	Gross National Income
GDP	Gross Domestic Product
GIS	Geographic Information System
GOY	Government of Yemen
GTZ	German Technical Cooperation
GWDD	General Women Development Directorate
HLC	National High Level Committee
IMC	Inter-Ministerial Committee
IMF	International Monetary Fund
IT	Information technology
LA	Local Authority
LAL	Local Authority Law
LDP	Local Development Programme
LADF	Local Authorities Development Fund
MDGs	Millennium Development Goals
M&E	Monitoring and Evaluation
MIS	Management Information System
MOCS	Ministry of Civil Service
MOLA	Ministry of Local Administration
MOF	Ministry of Finance
MOPIC	Ministry of Planning and International Cooperation
MT	Mobile Team
MWE	Ministry of Water and Environment
NWRA	National Water Resource Authority
n.d.	Not date given
NEX	National Execution
NDP	National Decentralisation Programme
NDS	National Decentralisation Strategy
NGOs	Non-Governmental Organisations
PEM	Public Expenditure Management
PRSP	Poverty Reduction Strategy Paper

PWP	Public Works Programme
SFD	Social Fund for Development
SMT	Shadow Mobile Team
TAT	Technical Assistance Team
TC	Technical Committee
TOR	Terms of Reference
TS	Technical Secretariat
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Program
USAID	United States Agency for International Aid
WDS	Women Development Strategy

.

Acknowledgements

The evaluation team wishes to thank all the people who provided support during the mission.

Flavia Pansieri (UN Resident Coordinator and UNDP Resident Represtative) gave the team important insights into the positioning of the programme and the UNDP/UNCDF partnership. Aladeen Shawa (Local Economic Development Advisor to the UNCDF and ex-Chief Technical Advisor, DLDSP) gave the team detailed insights into the Policy and Strategy dimensions of the DLDSP's work as well as an overview of the programme.

The work of the evaluation team was greatly assisted by staff of the DLDSP who provided logistical, translation and facilitation support, and gave generously of their time to discuss the work of the DLDSP, including Gabriela Neumann (Deputy Coordinator) Mohammed Al Ghashm (Institutional Development Assistant), Mazen Abdul Malik (Field Operation Manager), Mazen Gharzeddine (Institutional Development Advisor), Abeer Al Baridi (Programme Assistant),Abdo Al-Sayed Abrm (Accountant) Suad Hadi (Administrative Assistant), Hendrik Hansen (Donor Coordinator), Abdulhamid Al Wajeeh (Institutional Activation Advisor), Muamar Ali (MIS Consultant), Ali Al-werafi (Local Development Engineer), Abdulaliem Al-Selwi (M.T. member) Mohamed Mogbil (M.T member).

Mohamed Al-Hammadi (Member of the Technical Secretariat) provided insights into the policy dimensions of the Programme. Abdullah Ali Falahi (Consultant) was appointed by the Ministry of Local Administration to accompany the team during its field work and the team wishes to thank him for his companionship.

1. Project Summary

Country: Yemen

Full Project Number: 00015627

Project Title: Decentralization Local Development Support
Programme
Sector: Development Administration/Public
                                      Administration & Management

Executing Agency: UNCDF

Implementing Agency: UNDP/UNCDF

Execution modality: Direct Execution

National Counterpart   Ministry of Local Administration

Approval Date: 01 September 2003

Duration: 2003 – 2007

Total project cost: US$9860000

Financing
UNCDF: US$ 1,762,000
UNDP: US$ 2,583,221
Social Fund for Development: US$ 2,350,000
USAID: US$ 2,253,300
The Government of Denmark US$ 432,000
The Government of Italy   US$ 262,756
The Government of France   US$ 248,520

Evaluation Date: October-December 2007

2. Purpose of Evaluation

2.1 Evaluation purpose

1. The objective of this report is a strategic evaluation of project performance during the period 2003-2007, in order to:

- Assist the recipient Government, beneficiaries, and concerned co-financing partners, to understand the efficiency, effectiveness and relevance of the pilot Programme in achieving its intended outputs in:
  - Improving infrastructure and service delivery, natural resource management and environmental protection, and local economic development
  - Defining the areas of policy and legal framework reforms required to improve the system of local administration
  - Assessing the existing institutional structures and operating systems of local authorities, developing strategies for their improvement and piloting improved and elaborated operating procedures and reworked institutional set-ups
  - Developing statutory procedures for the operations of local authorities and implementing capacity development programs on such procedures.
- Determine the level of satisfaction of Programme stakeholders and beneficiaries with the results of the above and help project management and stakeholders identify and understand (a) successes to date and (b) problems that need to be addressed, and provide stakeholders with an external, objective view on the project status, its relevance, how effectively it is being managed and implemented, and whether the project is likely to achieve its development and immediate objectives, and whether UNDP/UNCDF is effectively positioned and partnered to achieve maximum impact.
- Determine the sustainability of Programme results in each of the three areas of intervention namely infrastructure service delivery, environmental protection and local economic development, policy reform, and institutional development, including capacity building.
- Help project management and stakeholders assess the extent to which the broader policy environment remains conducive to replication of the lessons being learnt from project implementation and/or identify exit strategies.
- Assess the logic and effectiveness of Programme structure and operating system:
  - Ministry and central level structure, systems and operations
  - Governorate level structure, systems and operations
  - District level structure, systems and operations
- Assess the sustainability of Programme structure and suitability for replication for national coverage at the governorate and district levels under the National Programme.
- Assess the strategic positioning of the DLDSP:
  - Assess the current positioning of the DLDSP at the national level
  - Assess the current positioning of the DLDSP within UNDP's portfolio
  - Assess the current positioning of the DLDSP in relationship to other UN agencies
  - Assess the positioning of the DLDSP in relationship to other donors active in Yemen

- Determine whether UNCDF was effectively positioned and partnered to achieve maximum impact:
  - o The current nature of the implementation modality of the DLDSP, the role of UNDP and UNCDF and options for moving forward with a restructured partnership arrangement and implementation modality. Help UNDP/UNCDF & project management draw lessons about project design, implementation and management.
  - o The presence of UNCDF at the country level in relationship to UNDP, other UN Agencies, Donors and National Government and the need (if any) and options for modifying it.
- To contribute to UNCDF and partners' learning from programme experience.
- To help programme stakeholders assess the value and opportunity for broader replication of the programme through the implementation of the recommendation of the National Decentralization Strategy and through the National Programme beginning in 2008.
- To ensure accountability for results to the programme's financial backers, stakeholders and beneficiaries.
- Comply with the requirement of the programme document/funding agreement and UNCDF Evaluation Policy.

2.2 The core evaluation question

The core question is derived from the programme hypothesis (see Section 4.3.2) and UNCDF Evaluation Guide and may be stated as follows:

> "Is it true that in Yemen the DLDSP has strengthened local governance, developed institutions and build capacity for service delivery and supported national decentralization policy and strategy, and, by these means, improved the delivery of social, economic and environmental services in a way that has reduced poverty directly within its pilot areas and indirectly through the demonstration effect this has had on the country. In addition, is this approach more effective than competing approaches with the same objective?"

2.3 Programme cycle

The DLDSP was initiated in 2003 and has gone through two phases, the first between 2003 and 2005 and the second between 2005 and 2007. During the first phase, the DLDSP focussed on activating 6 pilot districts in two governorates within the framework of the Local Authority Law of 2000. The Programme Document underwent a Substantive Revision in 2004 which, from 2005 led the DLDSP to give increased attention to the policy & legal framework for decentralization and 2) the local authority institutional structures and systems of operation as well as the administrative and service delivery capacities.

3. Methodology

3.1 Methodology and tools used

The approach used in this evaluation is set out in detail in the Evaluation Guide (UNCDF Evaluation Manual, 2007) and is essentially one of structured dialogue between the evaluation team (ET) on the one hand and the DLDSP, government, donors and communities on the other.

The team divided its work into four main components: 1) institutional development and capacity building, 2) financial decentralisation, 3) planning, infrastructure and service delivery and 4) policy and strategy. In addition it included focuses on the cross-cutting issues of gender and the public awareness campaign. Three of these components correspond to the outputs in the logical framework set out in the Programme Document, namely, institutional development and capacity building, service delivery and policy and strategy. Fiscal decentralisation was taken as a distinct focus because capital investment is the *sine qua non* of a Local Development Programme (LDP), and the unique mandate of the UNCDF within the UN Family. Gender was included as a specific focus with an eye to strengthening this dimension in the Yemen LDP in the future. It should be noted that the Substantive Revision did not highlight infrastructure and service delivery as outputs, but focussed rather on institutional development and capacity building on the one hand and policy and strategy on the other. The reason why infrastructure and service delivery were nevertheless included as a distinct focus for the evaluation is that, within LDPs, local development provides the bridge between capacity building on the one hand and poverty reduction on the other. In order to assess the degree to which the programme reached its development objective, attention had to be given to this dimension. Planning was included within the component on infrastructure and service delivery to ensure that the issue of community participation in decision taking over service delivery was adequately examined.

The following briefly describes the methods used. Prior to the mission the team leader collected documents on the programme and the country from the UNCDF, the DLDSP and an internet scan. The work of data collection on the project continued throughout the mission and well after it. At the beginning and end of the mission, interviews were conducted with key actors from government ministries, government authorities and donors within Sana'a.

In terms of the field work, three governorates, five districts and 18 projects within them were sampled to assess the DLDSP pilots. Within each governorate, the visit began with a meeting with the governor and his staff. In two of the governorates, this was followed by a kick-off workshop at the beginning of the visit. Participants at the workshops included the DLDSP staff accompanying the ET, district facilitation team (DFT) members from the governorate, officials from the governorate, partner donors, NGOs and others. Within the districts, the ET met with the Core Team (CT) members, then with the District Directors and other officials from the district. The meetings with the district officials were divided into two parts, the first devoted to introductions, a brief explanation of the purpose of the evaluation and presentations by the directors, and the second to focus group discussions (FGDs) led by team members.

The district meetings were followed by visits to project sites where the team, accompanied by the members of the CT, district officials and, where present, local beneficiaries, inspected the infrastructure and services provided and conducted ad hoc interviews. The team member focussing on infrastructure and service delivery produced reports with photographs for each of the 18 project sites visited by the evaluation team. (See annexes 4.1 to 4.18)

At the end of two of the visits to Hadramout and Taiz, the team held debriefing workshops to debrief governorate actors on preliminary findings. The people invited were all those who had been invited to the kick-off workshop plus five from each of the districts visited. The team members used power point slides to present their findings. Members of the DLDSP facilitated the card display process, in which participants write responses on cards which are then clustered on display sheets and discussed in plenary.

The mission ended in Sana'a where the team held its synthesis workshop to draw together its findings and recommendations. The mission ended with a series of debriefing meetings, beginning with the DLDSP team, followed by the Ministry of Local Administration (MOLA), the UNDP and the national debriefing.

Table 1 summarises the team's meetings. The total number of people with whom the team interacted was some 863, of whom 20% were women.[1]

Table 1: Evaluation Meetings

Meetings

	No of Meetings	Total	Women	% Women
Governorate Meetings	7	161	17	11
District Meetings	4	110	8	7
Focus group discussions	15	181	29	16
Key stakeholder interviews	32	161	35	22
Team Meetings	4	24	4	17
Governorate debriefings	2	82	20	24
DLDSP Meetings	13	144	61	42
Totals	78	863	174	20
Averages		11.1	2.2	20

Note: These numbers in some instances include the same people seen in different meetings at different times. They exclude a substantial number of spontaneous and unrecorded meetings.

9

3.2 Methodological issues in the course of the evaluation

A technical weakness of the methodology was that it did not provide for control areas. The team sought to compensate for this by questioning governorate level actors on the

---

[1] This percentage includes a substantial number of school girls in two of the schools visited by the team, which means that the percentage of women involved was, substantively, far lower.

differences between pilot and non-pilot districts in terms of the DLDSP's impact. It received ample testimony, solicited and unsolicited, to be confident that the results observed were attributable to the Programme and not due to other factors. Nevertheless, the use of one or more carefully selected control districts would have help confirm the findings and should, if time allows, be incorporated in future evaluations.

The team made two methodological innovations during the course of the mission, both of which helped strengthen the evaluation process. Team synthesis meetings and debriefings sessions with the DLDSP staff accompanying the ET were held at the end of each governorate visit, prior to the governorate debriefing workshop. The synthesis meetings built a common approach to the evaluation and a shared understanding of findings amongst ET members. These debriefings also increased the accuracy of the translation of slides from English to Arabic and enabled intense and illuminating dialogue between the team and DLDSP over the findings and their interpretation.

3.3 Workplan

The full workplan for the mission is attached as annex 3. The main outlines of the workplan are given in Table 2 below.

Table 2: Evaluation Workplan

Date	Activity
Pre-mission	
1st – 20th October	Pre-mission preparation
Mission	
Sana'a	
21st – 25th October	Team meetings, interviews in Sana'a
Wadi Hadramout	
26th – 31st October	Fieldwork in Hadramout (Wadi)
1st November	Weekend in Sana'a
Taiz, Aden & Abyan	
2nd November	Travel to Taiz
3rd – 5th November	Fieldwork in Taiz
6th November	Travel to Aden
7th November	Fieldwork Abyan & meeting with Min. MOLA in Aden
8th November	Travel back to Sana'a
Sana'a	
9th – 13th November	Interviews with national actors in Sana'a
14th – 18th November	Team debriefing preparation & debriefings
19th November	Departure from Yemen
Post-mission	
20th Nov. – 2nd December	Post mission report writing
3rd December	Global debriefing in New York
4th December – 15th January	Report writing

3.4 Team composition

The team was made up of:

International consultants:
Dr. Doug Hindson (team leader & responsible for policy & strategy)
doug.hindson@gmail.com

Mr. Hamish Scott (responsible for planning, infrastructure and service)
hscott@eci.co.za

National consultants:
Dr. Mohamed Assyani (responsible for fiscal decentralization)
massyani@hotmail.com

Mrs. Hooria Mashoor (responsible for institutional development, capacity building & gender)
hooriamash@yahoo.com

4. Programme Profile

4.1 The country context

The Republic of Yemen (ROY) was established in 1990 with the merger of the Yemen Arab Republic (North Yemen) and the People's Democratic Republic of Yemen (South Yemen). The country covers some 527,970 sq km and is characterized by an unequal geographic distribution and a relatively low density of the population (less than 40 people per sq km on average). It is divided into 20 Governorates and 333 Districts. In 2005, the urban population made up 27.3% of the total, which means that Yemen remains largely a rural society.

Yemen falls within the group of countries classified by the UNDP Human Development Report 2004 as having "low human development".[2] It had an estimated population of 21.1 million with a GDP per capita of USD903 in 2004. Population growth between 1975 and 2004 was 3.7% per annum and is projected to average 3.1% between 2004 and 2015. High population growth rates and relative low economic growth (1.5% per annum between 1990 and 2004) keep GDP per capita low.

The country's Human Development Index increased from 0.392 in 1990 to 0.482 in 2004, in which year it was ranked 150 amongst 177 countries by the UNDP Human Development Report. Despite these improvements, the number of people living below the official poverty line in Yemen was estimated to be 41.6% between 1990 and 2004, making poverty reduction the country's highest development priority. Yemen's Gender Development Index rose from 0.311 in 1990 to 0.472 in 2004, giving the country a rank order of 126 out of 177 countries, while the Gender Empowerment Index in the same year was only 0.128, indicating that Yemen has a long way to go in reducing gender imbalances.

Poverty in Yemen is associated with large family sizes, high dependency rates, families headed by widows or widowers, low levels of education, vulnerability to drought and floods, and lack of access to remittances from abroad. It is also strongly associated with geographical location, with some 83% of the poor, and 87% of the food-deprived, living in rural areas. Poverty incidence rates can be as high as 56%, in the Taiz Governorate, or as low as 15%, in the Al-Baihda Governorate, and is inversely correlated with the per-capita share of government expenditures going to different localities, one of the rationales for decentralization of planning and expenditure with national fiscal equalisation.

In the areas of life expectancy, infant mortality and literacy, the country has made progress, but major challenges remain. In a country of scarce and vulnerable water resources, the provision of sustainable access to safe water, declined from 71% of the population in 1990 to 67% in 2004. The percentage of people who have access to improved sanitation increased from 36% in 1990 to 43% in 2004, which leaves more than half the population still in need. While progress has been made in terms of literacy,

---

[2] The information in this section is taken from the UNDP Human Development Report of 2004 and the Human Development Report 2007/2008 Highlights for Yemen.

the gender gap remains wide, with only 42% of girls and young women enrolled in educational institutions (primary, secondary and tertiary included) as against 68% for boys and young men.

The Yemeni economy experienced rapid growth in the mid-1990s following the discovery and exploitation of oil, but these gains have been tempered by economic instability brought about by fluctuating oil prices, and oil reserves are believed to be approaching exhaustion. Since the mid 1990s, the government has applied measures to promote macro-economic stability, but has not been able to translate this into sustainable social and economic development across the country. Declining oil production has been counteracted by rising oil prices since the war in Iraq, but this windfall is being eroded by long term challenges, including the high rate of population growth, the depletion of water resources, weak government institutions and an oversized and ineffective public administration, inherited from the amalgamation of North and South Yemen.

4.2 Status of decentralization

Article 146 of the Constitution of Yemen establishes the principle of decentralisation with democratically elected councils and provides for local authorities at the Governorate and District levels. In 2000 and 2001, Parliament passed a number of laws and regulations to establish the framework for decentralised local government.[3] These were the Local Authority Law of February 2000 (LAL), the Executive Regulation of the Local Authority Law, decree 269 of 2000 (ER), the Financial Bylaws of the Local Authority, decree 24 of 2001 and the Organisational Bylaw for Governorates and Districts, decree 265 of 2001.

Article 4 of the LAL establishes local government as a pillar of government and provides the legal foundations for the Yemeni inter-governmental system based on the following four principles:

- Broadened popular participation through elected local councils;
- Financial decentralization;
- Administrative decentralization; and
- Decentralization of service delivery.

The term "local authority" in the Yemen refers to two levels of government: governorates and the districts. Both levels are made up of three organisational structures: councils, secretariats (called Diwans), and executive organs (departments responsible for service delivery in sectors such as education and health).

There are 22 governorates and 333 districts, each with directly elected local councils, a set of administrative support departments and executive organs.[4] The head of the local authority and council is the governor (at the governorate level) and the district director (at the district level) both of whom are appointed civil servants. General Secretaries, who are deputies to the governors and district directors, are elected from within the council membership. There are 3 council committees at each level of local administration,

---

[3] This section is based on the findings of Pyndt H (2005) Yemen: Study of Policy Options for the System of Sub-National Governance, Final Report, Chapter 2.
[4] The information in this and the next 6 paragraphs was taken from the TOR.

specializing in planning/budgeting, services and social affairs. (See annex 14.1 and 14.2 for diagrams of the organisational structure of governorate and district offices)

The management committee of the local authority is made of the governor/district director, general secretary and the heads of the three council committees. The executive office of the local authority is made up of the governor/district director, the general secretary and the directors of the sector/executive offices at the governorate and district level. The district Diwan comprises 7 administrative support departments at the governorate level and 5 at the district level.

Under the LAL and its regulations, sector/executive offices are considered an integral part of the local authority and are thus accountable to the governor/district director and elected council. However, they are also considered branches of their central ministries and are thus accountable to the latter and to the minister.

The Ministry of Finance (MOF) carries out financial management and control functions at both governorate and district levels through de-concentrated finance offices and accounting units. The de-concentrated branch office of Ministry of Civil Service (MOCS) conducts all personnel management functions on behalf of local authorities and is also responsible for legality and procedural control. The de-concentrated branch office of Ministry of Planning and International Cooperation (MOPIC) at the governorate level is an extension of the ministry. The MOPIC branch is mainly involved in the development of central or national plans and strategies and has very limited interaction or participation in local development plans.

The auditing of governorate and district finances is carried out by de-concentrated branches of the Central Agency for Control and Audit (COCA) which are established and operate at the governorate level. The Ministry of Local Administration (MOLA) uses the secretariat at the governorate/district Diwan to monitor and report on the functions of the councils and their committees.

Service sector executive offices (EOs), for example health and education, are present in almost all districts and governorates. They are an integral part of the local authority but are also accountable to their central ministries, in the case of the governorate EOs, and to the governorate Eos, in the case of the districts. These EOs contain their own administrative support departments, which duplicate the functions that a Diwan support department should provide.

The local authority at the governorate and district level is allocated a recurrent budget by the central government through the MOF. The district local authorities receive a capital transfer which they program through an annual planning and budgeting process. In contrast, the governorates receive only a recurrent budget and rely on shared revenues generated at the district level to finance capital investments   Revenues are collected at the district level and that portion of them that is designated "local" are kept by the districts, with a portion shared with the governorate. "General" revenues are also collected at the district level but are transferred to the center.

Although the local councils were established to devolve power and encourage local participation in planning and delivery of public services, the form of decentralisation in Yemen is, in practice, a mix of both devolution and de-concentration, with national ministries continuing to play a major role. Different laws and regulations govern the

operation of the primary (Finance, Planning and International Cooperation, Civil Service) and sector (Health, Education, Agriculture, Water and Environment) ministries, and these contradict the LAL. This has led to inconsistencies and duplication between central and local organs and to confusion in local decision-making and reporting procedures, and general confusion of the functional set-up for local authority.

The fact that central government appoints the chairmen of the governorate and district councils limits their autonomy. However the President's announcement in September 2007 that he seeks to replace the current system of "local administration" with one of "local governance" in which governors and directors are elected locally, has opened the possibility that the autonomy of local government may be increased. The status quo, however, is that local government has little say in the employment of staff in the EOs. Final hiring decisions are made by the MOCS and the only role that the governorate/district councils can play is to propose candidates.

The room to manoeuvre of districts is further undermined by the lack of staff in their secretariats, which means that councillors without professional administrative training are obliged to take on their work. This puts the councils in a weak position vis-à-vis the state EOs, especially at district level, in terms of service delivery.

4.3 Programme summary

4.3.1 Programme description

The DLDSP began in 2003 and has operated since then through the Technical Secretariat supporting decentralization in MOLA. Initially, the program sought to activate 6 pilot districts in 2 governorates within the framework of the newly introduced Local Authority Law Number 4 of 2000 (LAL) and to introduce enhanced procedures for public expenditure management (PEM). During its first phase from 2003-2004, the program conducted a preliminary assessment of the legal and policy framework of Yemen's local authority system, its institutional structures and operational procedures and capacities.

The DLDSP's Programme Document underwent a Substantive Revision in 2004 which led to the re-orientation of the programme during its second phase, from 2005-2007. The Substantive Revision focused on two main outputs, institutional development and capacity building, on the one hand, and policy and strategy development on the other hand. At the same time, the DLDSP expanded its scope geographically. At the end of 2005, the program was operating in 28 districts in 6 governorates and, at the end of 2006, in 48 districts in 8 governorates.

During the phase, the program deepened its investigation and experimentation in the areas of policy and the legal framework for decentralization, the local authority institutional structures and systems of operation as well as the administrative and service delivery capacities. It sought to use the lessons learned from its pilots to inform the National Decentralization Strategy (NDS) and the National Decentralisation Program (NDP).

4.3.2 The Programme hypothesis

The core hypothesis of the Programme is not stated explicitly in the Programme Document or in Substantive Revision. The following statement was constructed to guide the team:

> "The hypothesis underlying the work of the DLDSP is that by strengthening local governance, building institutional capacity for service delivery and supporting national decentralization and policy strategy development, the programme will contribute to improved delivery of social, economic and environmental services in a way that helps reduces poverty in Yemen directly within the pilot areas and, indirectly, in the country as a whole, though the demonstration effect it provides."

Note that this formulation is consistent with the Programme Document and the Substantive Revision, although the latter document places the emphasis on institutional development and capacity building and subsumes service delivery within the latter.

The Evaluation Team, while focusing its attention on the policy and institutional dimensions given priority by the Substantive Revision, also assessed the impact of the DLDSP on service delivery. This is the output that is intended to lead from institutional development and capacity building to local development and poverty reduction. The team had to bear in mind that within the LDP model, decentralization and improved governance are not ends in themselves, but rather means to the end of poverty reduction through improved service delivery and local development.[5]

4.3.3 Programme logical framework

The programme's logical framework is illustrated in Chart 1 below. The basic logic, taken from the Programme Document, is that of the standard LDP, with the overall goal being poverty reduction, the immediate objective being social, economic and environmental development. At the centre are three outputs: improved services, institutional development and capacity building, and policy and strategy development, with corresponding activities and inputs. Note, however, the arrows representing the Substantive Revision in 2004, which indicate increased attention to institutional development and capacity building in the pilot areas and to policy and strategy nationally. The connection between Programme activities on the one hand, and infrastructure and service delivery outcomes, on the other, was weakened within this logic. The effects of this strategic choice were magnified by the DLDSP's decision to expand its geographical scope at the same time, as described in the section above.

The shift from the Programme Document to the Substantive Revision represents an important innovation in the LDP model, with implications not only for Yemen, but also for other countries in which the LDP approach is being applied. This report will examine the

---

[5] This is not intended to diminish the importance of institutional development and capacity building as ends in themselves. The argument that the Economics Laureate, A K Sen, has made about democracy in his celebrated book on Development as Freedom, applies here. Institutional development and capacity building are not only means to development but important development objectives in their own right. It should be borne in mind, though, that when Sen wrote about improving the capabilities of people, he had in mind the mass of the poor, rather than government officials and politicians, which has been the main focus of the DLDSP to date.

outcome of this change of approach and its implications for LDPs more generally, notably in the sections dealing with policy and strategy and lessons and recommendations.

Chart 1. DLDSP Logical Framework
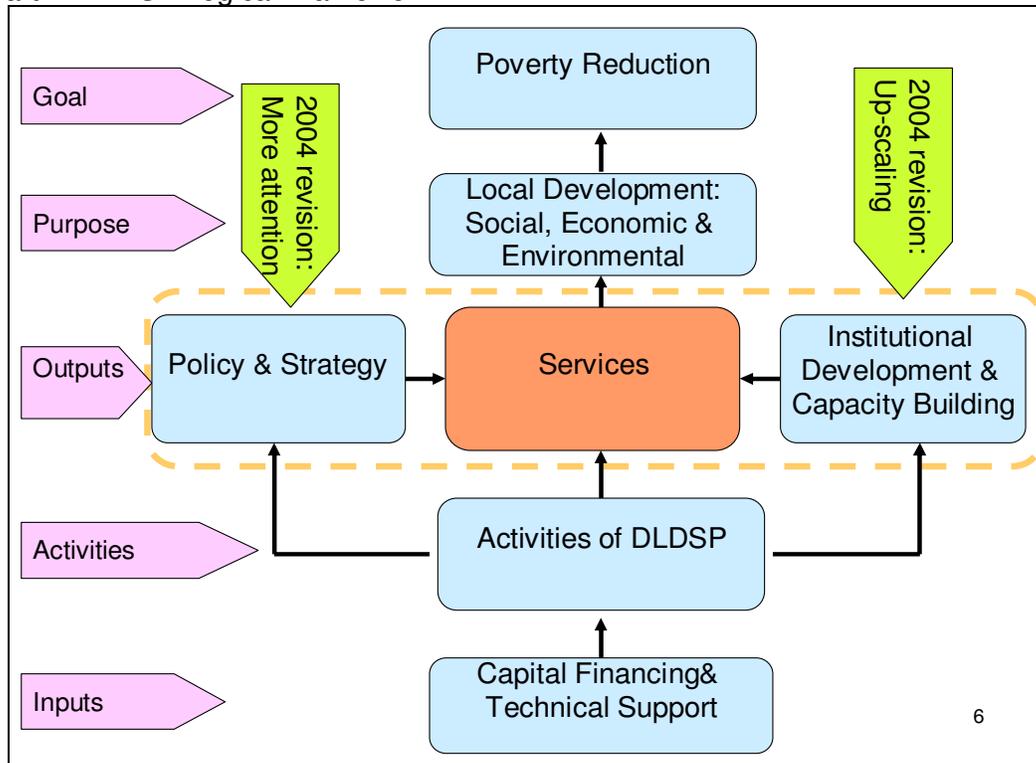
4.3.4 Implementation modality

The DLDSP brought together the UNDP, UNCDF, and Social Fund for Development, USAID, and the Governments of Italy, France and Denmark to support decentralization in Yemen. The Programme is implemented by the UNDP/UNCDF in partnership with Ministry of Local Administration (MOLA) through the Direct Execution (DEX) modality. It has worked closely with the national Public Works Programme.

The Program is led by an internationally recruited technical support team which guides pilot field operations and carries out and/or guides decentralization related policy reform work intended to enhance the local governance system. The DLDSP is supported by a nationally recruited Mobile Team (MT) of specialists who provide technical support and guidance to governorate based district facilitation teams (DFTs). The DFTs are recruited by the DLDSP from within the governorate structures and are managed and guided by the MT to provide direct on-the-job support to pilot districts in institutional development and activation and capacity development in public expenditure and asset management.

The DFTs support the work of Core Teams (CTs) recruited from within the Districts, who are responsible for activating district structures through their involvement in public expenditure and asset management and strengthening the relationships between the districts and their communities through the involvement of the latter in participatory

planning, implementation, monitoring and evaluation of infrastructure and associated services.

These innovative implementation arrangements represent, in effect, a hybrid of the direct execution (DEX) and national execution (NEX) modalities. They have proved particularly successful in Yemen, and will be commented on in more detail in the report, notably in the sections on lessons and recommendations.

4.3.5 Intervention strategy

The DLDSP's intervention strategy has been to combine piloting with policy and strategy development at an early stage of the programme, rather than waiting for its piloting work to be completed before taking on national policy and strategy work.

The main focus of its piloting work has been to activate the existing local government institutions within the framework of the LAL and to strengthen their capacity in PEM, following which it has given growing support to the pilot districts to undertaken infrastructure and service delivery. The term "activate" is important. It derives from the choice to promote change within the framework of the LAL, rather than to experiment in the pilot areas in a more radical way. This has simultaneously facilitated and limited the scope of change the DLDSP could bring about through its pilot work. It has also accentuated the need to focus on national reforms that bring about change in laws and institutional practices that contradict the LAL, notably in the primary and sector ministries.

The DLDSP moved early in its work to mobilize other donors to support the up-scaling of its activities through the inclusion of a growing number of governorates and districts. This had the important advantage of promoting the use of a single model of local development, thereby reducing the duplication and fragmentation that typifies donor supported local development in many low income countries. However, expanding the scale of its activities in this way has also had costs. The was a blurring of piloting and up-scaling of the DLDSP activities, with the consequence that the piloting work, notably in the areas of infrastructure and service delivery and attendant community participation in these processes was relatively neglected. The implications of this will be examined in the report.

At the District level the DLDSP has worked with the local authorities to fill staffing gaps and activate the Diwans and EOs. It undertook capacity development of Diwan departments in basic administrative skills and built the capacity of the district local authority in (PEM). It helped the districts develop and refine their plans and investment programs to achieve improved services, expanded public infrastructure and to promote local economic development.

At the governorate level the DLDSP helped clarify the scope of responsibility of the governorates and realign and activate their departments to effectively perform their functions. It has helped define and activate the governorates' district support functions. It has helped the governorates enhance their PEM capacity and develop their capacity for integrated and strategic planning for governorate level socioeconomic development.

In relation to MOLA the Programme assessed the current institutional structure of the ministry and developed and initiated an institutional development and capacity building

strategy to enable it to carry out its mandate and functions more effectively, namely to ensure that critical support to local authorities is being provided and that MOLA is in a position to implement the National Decentralisation Strategy and Programme. This part of the DLDSP's work came relatively late, with implications for sustainability of the Programme that will be explored in the evaluation report.

In relation to the primary ministries (Finance, Planning and International Cooperation, Civil Service) and sector ministries (Health, Education, Agriculture, Water and Environment), public authorities (Electricity and Water) and national delivery projects (Social Fund for Development and Public Works Programme) the DLDSP provided assistance to define their mandates, institutional development, capacities and financial requirements to undertake the changes needed to bring about decentralization.

At the policy level, the DLDSP provided support to the Government of Yemen (GOY) in close coordination with the MOLA on the development of the National Decentralization Strategy and its implementation program to be launched in 2008.

In terms of donors, the DLDSP played a pivotal role in coordinating financial and technical support using the models piloted by the DLDSP in its pilot governorates and districts and up-scaling this work to the current 8 governorates and 48 districts covered by the Programme.

4.3.6 Programme budget and approval

The Programme Document for the DLDSP was prepared and signed in July 2003, initially as a pilot, to be expanded at a later stage. The DLDSP began with a budget of US$1,966,032.00 with the following breakdown: UNDP- US$1,346,332.00 UNCDF US$52,500.00 Capacity 21[6] US$117,200.00and the Dryland Development Centre[7] (DDC) US$100,000.00 Third Party Cost-Sharing of US$350,000.00, an unfunded balance in the original document which needed to be mobilized during the course of the project had to be mobilized. The Substantive Revision of 2004 provided for a budget of US$9860000. Inadvertently, this document was not signed by all the parties, but workplans following the Substantive Revision were signed.

The total budget from 2004 to 2007 was US$11.4 million. Of this, the UNDP contributed 35%, the UNCDF 14%, while the rest was contributed by bi-lateral donors (USAID, Italy, France, DANIDA) and the Social Fund for Development. (For details see Section 4.4.2, Table 4, below.)

4.3.7 Intended results

The programmes aims and expected results are set out below:

---

[6] Capacity 21 is a UNDP initiative that flowed from Local Agenda 21 which came out of the United Nations Conference on the Environment and Development of 1992. It supports innovative capacity building approaches to environmental degradation, social inequity and economic decline.
[7] The Dryland Development Centre is a UNDP Thematic Centre based in Nairobi, Kenya, that promotes development and poverty reduction in dryer parts of the world.

1. To support the formulation of national decentralization reform through activating the local authority system, to gain an in-depth understanding of its policy and legal framework, institutional structures and operating systems and capacities.

2. To develop statutory procedures for the operations of the local authority system, with a focus on public expenditure and asset management for the governorate and district local authorities and to enhance these procedures in a number of pilot areas for eventual national replication.

3. To redefine functional assignments for the performance of primary functions (financial management, HR management, planning, auditing etc.) and services delivery (health, education, agriculture, water etc.) at the various levels of governance and test adjusted functional assignments in pilot governorates and districts with a view to informing the National Decentralization Strategy.

4. Based on these redefined functions, assess the institutional structures and define institutional realignment strategies for MOLA, the governorate and district local authorities.

The DLDSP pilot interventions aim to improve the policy and legal framework, institutional structures, operating systems and capacities of the local authority system through the formulation of a national strategy that accurately defines and articulates the required reforms and interventions in these three areas and supports the launch of a national program for its implementation.

The medium-term (3-5 years) output is expected to be in the form of measurable improvement in the efficiency and economy of delivering services that accurately and equitably respond to people's needs. In the longer-term, such an improved system is expected to produce local development outcomes that effectively contribute to the alleviation of poverty, the stimulation of the local economy and contribute to national economic growth.

4.3.8 The scope and location of the programme

The DLDSP is based within the offices of MOLA in Sana'a. The pilot districts in which it operates are located in the north, central and south western parts of the country, while a number are located in the central and southern parts of Hadramout, a geographically large governorate in the centre of Yemen.

4.3.9 Partnerships foreseen in the programme document

The Programme Document stressed the importance of building partnerships in achieving the objectives of the Programme. The principal partnership is with MOLA, through the Technical Secretariat of the High-Level Inter-Ministerial Committee (IMC) chaired by Prime Minister. The Public Works Programme (PWP) in the Ministry of Planning and International Cooperation (MOPIC) and the Social Development Fund (SDF) are key implementation partners. Cultivating partnerships with bi-lateral donors was also highlighted in the Programme Document. In the Substantive Revision, USAID and the Government of Italy where identified as partners contributing funding, and DANIDA and France and Finland have subsequently partnered with the DLDSP to promote decentralization. Within the UN family, the DLDSP worked with UNICEF.

4.4 Programme status

4.4.1 Programme status against plan

Table 3 summarises the current programme status against the plan as set out in the results framework of the Substantive Revision.

Table 3: Expected outputs, achievements and challenges

Expected output	Achievements and challenges
1. A strategy for implementation of decentralisation reforms is formulated, adopted and implemented (2005-2007)	A substantial framework for the National Decentralisation Strategy and an outline implementation plan developed, but not as yet adopted
1.1 A national strategy and implementation plan for decentralization and local governance is in place and activated	The draft NDS and implementation plan for decentralisation and local governance formulated but not yet in place and activated
1.2 An enabling fiscal decentralization policy is in place	Outlines of a fiscal decentralisation policy sketched but not yet fully formulated or in place
1.3 The coordinated implementation of sector decentralization and its integration into the local authority structure	A draft plan for the coordinated implementation of sector decentralisation and its integration into the local authority structure formulated but not yet implemented
1.4 Coordinated donor support to the implementation of decentralization reforms and the strengthening of local authorities	A coordination forum for donor support in place but will need to be expanded and linked to the NDS for the NDP roll-out
1.5 Enhanced awareness and buy-in at the central and local levels and among the public and private sectors and civil society of the goals of decentralization and its expected outcomes in the areas of economic and social development and poverty alleviation at the local level	An awareness campaign mounted and run, but an enhanced, targeted awareness campaign linked to the further promotion of the NDS and NDP will need to be mounted and focussed on key government ministries, the governorates, the districts and the public
2. Institutions are developed and activated to operate the local authority system and contribute to local development	Institutional development and activation has occurred in 8 governorates and 48 districts, experimentation in infrastructure, service delivery and local development not yet completed.
2.1 A well focused institutional structure and activated departments at MOLA providing effective support to local authorities and shaping related policies at the central level	A comprehensive institutional development and capacity building programme for MOLA produced but needs to be endorsed and implemented
2.2 A well functioning and integrated local authority structure at the governorate level with effective departments and a coherent and integrated relationship between the administrative, legislative and executive branches and providing effective support to district authorities	Work has begun on integrating and enhancing the effectiveness of the administrative, legislative and executive branches of the pilot governorates to enable them to provide effective support to the district authorities, but more time is needed to pilot this work and then to scale it up nationally

4.4.2 Fiscal status and performance

Table 4 summarises the financial status of the programme between 2004 and 2007. Total funding increased from US$1.0 million in 2004 to US$3.8 in 2006 and then declined to UD$2.7 in 2007. The share of the UNDP in funding over the four-year period was 35%, that of the UNCDF 14%, while donors and the Social Fund for Development made up the balance 51%.

Table 4. DLDSP Funding and Expenditure 2004-2007 (US$)

Donor	2004	2005	2006	2007	Total	%
UNDP	1346332	913750	700000	1000000	3960082	0.35
USAID	0	1590000	663300	0	2253300	0.20
Italy	0	0	362757	0	362757	0.03
Social Fund for Develop.	350000	200000	1000000	1000000	2550000	0.22
UNCDF	250000	104200	700000	500000	1554200	0.14
DANIDA	0	0	432000	0	432000	0.04
France	0	0	0	248520	248520	0.02
Total funding	1946332	2807950	3858057	2748520	11360859	
Total expenditure	1092131	2246105	3104478	2108893	8551607	

Chart 2 plots funding and expenditure over the four-year period. Total expenditure increased parallel with total funding, with the gap between the two remaining much the same over the period at about UD$100000. There was a slowdown in expenditure in between 2006 and 2007, at a time when the Programme intended to scale up activities.

Chart 2. DLDSP Funding and Expenditure 2004-2006
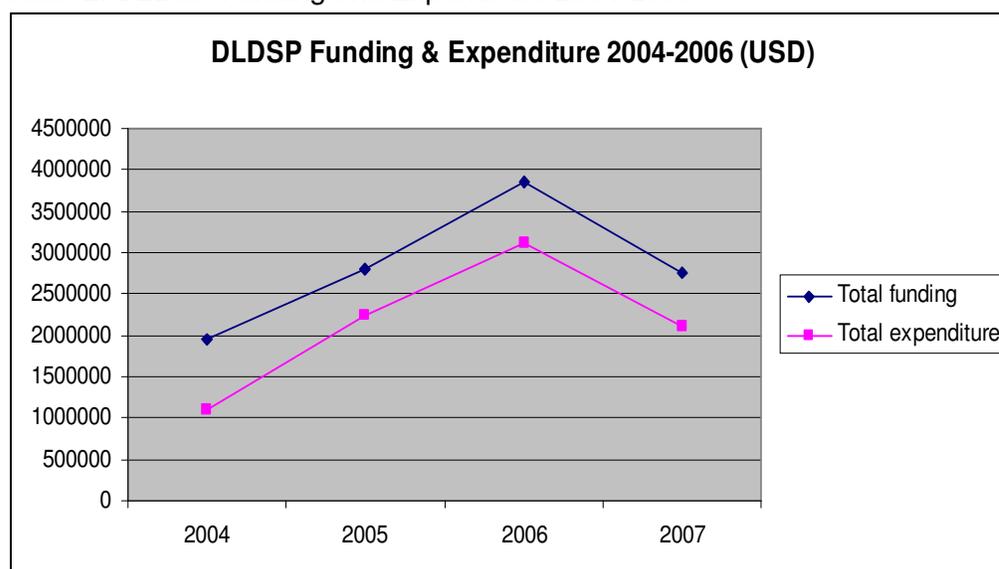
Chart 3 illustrates DLDSP expenditure by category for all years and includes funding from all donor sources. Sixty percent of the funding was used for capital grants for investments in local development, indicating that notwithstanding the shift of focus of the Programme in 2004, a very substantial proportion of the funds were expended in

investments in infrastructure and service delivery in the districts. The second largest expenditure category was for international consultants, 12%, followed by operating costs, 8%, travel, 7%, local staff, 6% and furniture and equipment, 6%.

Chart 3. DLDSP Expenditure by Budget Category

**DLDSP Expenditure by Budget Category,
All Donor, All Years 2004-2007**

Legend:
- International Consultants
- Travel
- Local Consultants
- Local staff
- Equipment & furniture
- Capital grants
- Operating costs

8%   12%   7%   1%   6%   6%   60%
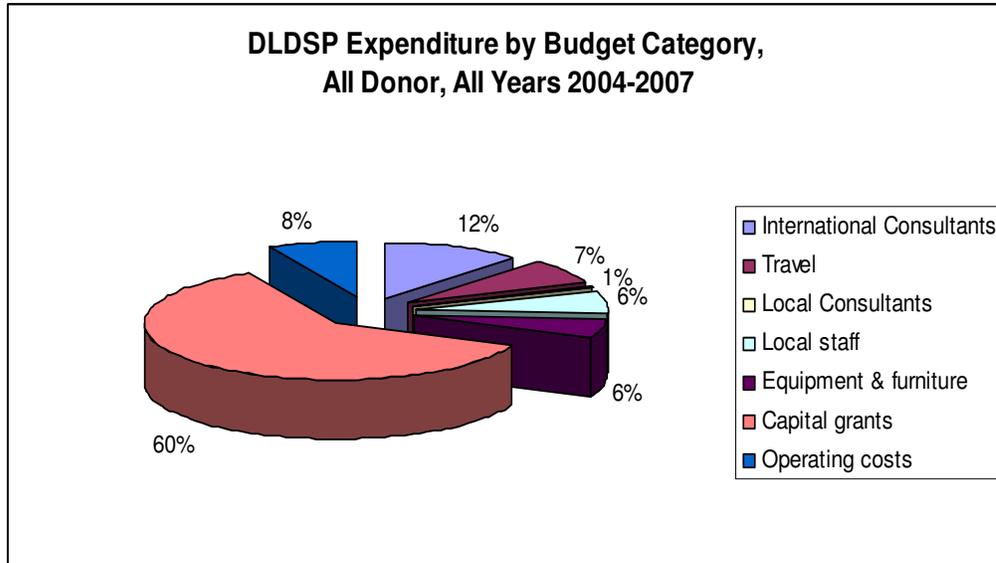
5. Institutional Development & Capacity Building

5.1 Introduction

5.1.1 Description of section

This section focuses on the institutional development and capacity building dimensions of the work of the DLDSP, which includes activation of MOLA to support the governorates, activation of the governorates to support the districts and activation of the districts in the areas of PEM to provide improved services and stimulate local development.

5.1.2 Objective

The objective of this component is to develop and activate institutions to operate the local authority system and contribute to local development.

5.2. Results

5.1.1 Output 2.1 A well focused institutional structure and activated departments at MOLA providing effective support to local authorities and shaping related policies at the central level

5.1.1.1 Achievements

The Technical Assistance Team and Technical Secretariat

To manage this comprehensive, multi donor program the first step was the recruitment of a highly qualified technical and administrative staff as follow. A Technical Assistance Team (TAT) was formed in the first phase of the program, 2003-2004, to manage the Programme. The DLDSP started with a Chief Technical advisor and Financer Officer then it expanded to a staff of 18 by 2007, after recruiting 6 international and 9 national experts to manage the different components of the Programme. Four of the national staff were seconded from MOLA, in addition to the technical staff. Support staff consists of 2 drivers, one of them from the Ministry, and 1 from outside MOLA, and 1 cleaner. Two of the posts were vacant at the time of the mission, the Chief Technical Advisor (CTA) and one of Administrative Assistant. There were 4 women on the staff at the time of the mission.

A Technical Secretariat (TS) made up of senior MOLA staff was established to facilitate the implementation of the program. In practice the TS played a significant role as the contact or focal point between MOLA and the TAT.

MOLA

MOLA received technical support from the DLDSP to develop the NDS and a number of sector studies were conducted to show the advantages of decentralization in terms of improved service delivery in education, health, water and environment …etc. In addition the DLDSP commissioned a study of the legal framework for decentralization and the reality on the ground through a sample of governorates and districts. This study compares the situation in Yemen with international experience and provides recommendations to amend the legal framework and create structures to fit the function and tasks of different actors at the central and local level.[8] A second study, entitled Institutional Assessment of the Ministry of Local Administration, analyses the structures, mandate, functions and role of MOLA and identifies gaps in these vital areas that limit MOLA from driving the process of decentralization.[9]

At the end of the second quarter of 2006, the DLDSP set up an institutional development team made up of staff from MOLA's departments with technical support from the Institutional Development Advisor of the DLDSP. With the support of the Institutional Development Advisor, this team drew up a draft institutional development programme focussing on MOLA's mandate, functions, organizational structure, processes, staffing, training and facilities. It recommended that MOLA should:

- Realign its departments according to the revised functions.
- Set up a ministry-wide strategic planning process.
- Strengthen its inter-departmental coordination and evaluation mechanisms.
- Redefine its budgeting procedures to ensure that resources are allocated according to the objectives and activities set out in its annual plan.
- Adopt gender-sensitive policies across the Ministry, particularly in area of human resource management.
- Redeploy staff to facilitate the "matching-up" of individual competences with departmental functions and tasks.
- Revise the current structure of incentives in the Ministry to promote better work practices and more transparency in the assignment of bonuses and other financial incentives.
- Set up of an information network linking up departments within MOLA with the local and central authorities.

The institutional development programme, which started at the end of 2006, has been provisionally endorsed by MOLA and applied in the form of a " quick-interventions track", mainly focussed on providing technical assistance to various departments in MoLA (General Directorate (GD) for Women's Development, GD for Archives and Documentation, GD for Institutional Development and Training), training provision and activation of related internal procedures in the GD for Personnel Affairs, improving the availability of office equipments and facilities (in particular facilities contributing to a more gender-sensitive work environment in the Ministry's Diwan), and supporting the GD for Women's Development in the programming and conducting stakeholder consultations between the Ministry and various actors at the local level (including Local Councils) to clarify functions across the LA system on areas pertaining to gender-sensitive local development.

---

[8] Pyndt H (2005) Policy Options for the System of Sub-national Governance.
[9] Bokhit I (2005) Institutional Assessment of the Ministry of Local Administration.

Full approval awaits the enactment of the NDS, the amendment of certain laws and the endorsement of the civil service reform.

Establishment of operational staff at the central and local level:
Capacity Building Activities

An operational team specialized in institutional development and capacity building, called the Mobile Team (MT) was created and its positions filled with externally recruited, qualified national staff. The MT received training as trainers from international experts qualified in this area. This enabled them to provide technical support to the District Facilitation Teams (DFTs) and the Core Teams (CTs) in the pilot governorates.

Training materials were put together and activities were conducted as follows:

- Two international standard training guides/manuals on PEM used during the first stage to train the MT were translated, revised, simplified and adapted to meet the needs of the targeted groups and the objectives of the program.

- Three training manuals were produced for the trainees: a manual on Public Expenditure Managements/Planning and Budgeting in March 2006 (Participants Book); a manual on Planning and Budgeting for the trainers in March 2006 (these training materials were produced and tested in February 2006. The formal editions of these materials were used in March 2006 (later versions, such as the one produced in November 2006 are updates); a training book entitled Tools to Enhance Community Participation, in May, 2007.

- Intensive regional training workshops were conducted for the DFTs, the CTs and representatives of local CBOs during the period 2004-2007, mainly in planning and budgeting, and also in management.

Table 5 below shows where the training took place, the subject of the training, the number of training days and the number of trainees. Unfortunately, most of the data on this training, accidentally or by design, is gender blind, which makes it impossible to show the gap between men and women in the different areas of development.

Table 5. Trainees & training days in DLDSP, SDF & PWP pilot districts

No.	Governorate	Targeted Districts	Subject of Training	Training days	Number of Trainees
1.	Taiz	9	Planning & budgeting; Managerial training	136	525
2.	Hadramout-Costal	6	Planning & budgeting;- Managerial	112	340

			training		
3.	Hodiedah	6	Planning & budgeting	72	346
4.	Ammran	4	Planning & budgeting	56	256
5.	Al-Jouf	4	Planning & budgeting	40	174
6.	Abyan	6	Planning& budgeting	72	318
7.	Haramout-Wadi	4	Planning & budgeting;- Managerial training	76	296
8.	Haja	4	Planning& budgeting	32	132
9.	Ibb	5	Planning & budgeting	40	195
Total		48		636	2586

Work is still on-going to complete the training materials and provide training courses on the other phases of the cycle of PEM. There is a growing focus on building the capacity of the General Directorate of Training and Institutional Development in MOLA, including the Shadow Mobile Team (SMT) recently made up of staff from MOLA's different departments. In building the capacity of the SMT, the aim is to guarantee the sustainability and continuity of the work of the DLDSP.

5.2.1.2 Challenges

Although the efforts of the DLDSP have been significant and the achievements in institutional development and capacity building very substantial, particularly in the pilot districts, there are many challenges still facing the decentralization process in Yemen, as follows:

- MOLA's institutional structure does not yet match accurately the scope of its intended role in guiding and supporting local government.

- MOLA lacks the capacity to engage effectively in policy discussions related to the definition and implementation of decentralization reform.[10]

- MOLA has limited ability to formulate policies and strategies and to guide the actions of the line ministries working on local service delivery.

- The fact that the NDS has not yet been approved means that there is no overall national goal, vision and mission for decentralization.

- The President initiative on Local Governance declared in September 2007 creates a further challenge in that it may require a revision of the work already done.

- Although the "quick interventions" to improve MOLA's capacity are being undertaken, the recommendations aimed a restructuring the ministry to improve its performance were not finally approved at the time of the mission.

5.1.2 Output 2.2 A well functioning and integrated local authority structure at the governorate level with effective departments and a coherent and integrated relationship between the administrative, legislative and executive branches and providing effective support to district authorities:

5.1.2.1 Achievements

DFTs made up of 3-4 people are operating in the pilot governorates with the aim of providing technical support for the pilot districts. The DFT's members are seconded staff from the following departments of the executive organs at the governorate level:

- The team leader is either the General Director of the Training and Institutional Development Department in the governorate Diwan or the Director of the Governor's Office.

- The Capacity and Institutional Development Facilitator is the General Director of the Training and Institutional Development Department in the governorate Diwan, if that person has not already been selected as team leader.

- The Planning and Budgeting support member is the Director from the Planning Executive Organ of the Governorate local authority.

- The Finance Support member is the Director from the Finance Executive Organ of the Governorate local authority.

The DFTs were trained intensively by the MT in the main areas of the Programme and they, in turn, helped built the capacity of the CTs in the districts to take forward the basic plan of the Programme. A thorough methodology was used, starting with data collection,

---

[10] At the time of the evaluation report being issued, a Deputy Minister was leading the discussions with national stakeholders to finalize the National Decentralization Strategy, although further steps need to be taken to further institutionalize the process.

followed by community participation, prioritizing the needs of the people and developing a reasonable budget to match to the projects identified in the plan. In addition to training, logistical support, offices, furniture and equipment were given to the DFTs and core teams to enable district authorities to perform their functions in an effective manner.

The DFT's activate the districts through the establishment and support of CTs in each district. The CT members are drawn form the administrative departments of the Executive Offices (EOs) and the district Diwans and include local council members and representatives from community based organizations (CBOs). The rationale behind this composition is that it helps to ground the experiment in decentralization by opening a channel between government officials and community representatives to work together.

DFTs were established in 6 governorates serving 28 districts during the first phase of the Programme and then were expanded to 8 governorates servicing 48 districts, with technical support from the DLDSP (DLDSP is responsible for technical support. SDF and PWP provide financial support only). Table 6 shows the types of courses provided in the different areas, the numbers of participants and the teams responsible for the training in 2006.

Table 6. DFT Training 2006

Course topic	Location of training	Days spent in training	Number of Participants	Trainers/Facilitators
PEM-Planning and budgeting	Sana'a	7	20	Mobile Team
Orientation for new DFT members	Sana'a	1	8	Mobile Team
PEM- planning and budgeting	Sana'a	7	8	Mobile Team
Training of Trainers	Sana'a	7	14	Social Fund
Training of Trainers	Sana'a	7	14	Social Fund

Forming the DFTs from the executive offices (EOs) in the governorates guarantees the sustainability and continuity of the program once external aid comes to an end, as long as these team members are made up of permanent staff of the governorates.

5.1.2.2 Challenges

Notwithstanding the very substantial achievements of the DLDSP through the MT, DFTs and CTs, there remain some important challenges.

• At the governorate level capacity limitations undermine the ability of their organs to support and supervise the districts authorities.

• The ET's field visit sampled districts revealed duplication and overlapping of tasks and responsibilities between different government bodies within the governorates/ districts on the one hand and the central ministries on the other hand.

• A gap exists between the pilot and non-pilot districts in terms of capacity building and developing plans and budgets as well as in terms of community participation, indicating that the DLDSP has been successful in bringing about change in the pilot districts.

• In nearly all government bodies at central and local level, including MOLA, and its affiliated organs, there are no clear job descriptions.

• In the Diwans, departments have either not been established or not staffed, and in the best staffed districts their members are in real need of capacity building to perform their roles and responsibilities in a satisfactory way, as prescribed under the LAL and the local authority by-laws.

• There is a shortage of funds for capacity building and, in addition, human resource development is dominated by the central government organs. In fact, no fund at all has been allocated to the governorate or district budgets for training, and the central government ministries run hardly any such training activities.

• There is no clear vision for human resource development. The main focus of the General Directorate in MOLA, in terms of personnel management, is the daily discipline of the staff of the Ministry. The same may be said at the governorate and district level.

• Decisions on hiring are made at the centre by the Ministry of Civil Service and in general they does not cover the needs of the local government bodies.

In addition to these more general challenges, an area of serious weakness is the involvement of women in the Programme. In some districts visited by the ET there were no women CBOs involved at all, and in those that had involved women in the process of developing the district plan representation was poor. The reality is that it is difficult for women CBOs in number of districts in the country to take part in such activities.

The low level of participation of women is to be expected as including women in planning processes is a very new idea in traditional communities, which normally isolate women from public life. Out of 30 members counted in two governorates (Ibb and Haja) two women were represented in the DFTs, as shown in Table 7. This humble figure reflects the absence of women in the higher boards of the governorates and districts. Those women who were on the CTs were there as representatives of CBOs.

Table 7. Gender distribution on DFTs in DLDSP, PWP and SDF governorates

No.	Governorate	Number of DFTs	Gender		Districts
			M	F	
1	Abyan	4	4		6
2	Al-Jawf	4	4		4
3	Amraan	3	3		4
4a	Hadramout (Coastal)	3	3		6
4b	Hadramout (Wadi)	4	4		4
5	Hodeidah	4	4		6
6	Taiz	3	3		9
7	Ibb	3	2	1	5
8	Haja	4	3	1	4
Total		32	30	2	48

Source: DLDSP Annual Report January-December 2006

5.1.3 Output 2.3 Effective District Authorities with enhanced capacities in Public Expenditure & Resource Management and the promotion of social and economic development and the alleviation of poverty

Achievements

The main step in achieving this objective was increasing the number of the pilot districts from 8 in 2 governorates in the first phase of the program to 48 districts in 8 governorates in the second phase, with support from new partners namely the Public Work Project (PWP) and Social Development Fund (SDF).

The CTs were established, consisting of EO staff, members of the local councils and representative of CBOs and were trained by the MT, with the DFTs playing facilitation roles, in PEM. This provided the CTs with knowledge and skills in planning, budgeting and m & E.

Capacity Building for the CTs resulted in well prepared, participatory mid- term (3-5 years) plans and local budgets for the districts for the first time. This greated a tangible gap between the pilot and non pilot districts within the same governorates. In

consequence all the officers dealing with the local authorities, whether from the centre or locally, raised the issue of how to bridge the gab between the districts.

Two assessments by independent researcher were conducted, one on the physical premises (local authority buildings and administrative offices) and the other on the institutional structures and departmental capacities of the LAs. Both assessments identified the gaps and the critical problems hindering the LAs performing well. These assessments resulted in efforts to equip the offices with minimum needed equipment, and to create new departments, such as the information departments. Information departments emerged as a necessity for the planning process, as did the filling of gaps in the staff. In Abyan and Al- Jaof, the newly pilot districts in the second phase were supported by the USAID.

The district information system was developed and activated with support from the Information Technology (IT) advisor recruited by the DLDSP, who works closely with MOLA Information Sector on the Geographical Information System (GIS) developed to share information and to be used for planning.

All districts were provided with 2-3 computers with accessories and at least one IT specialists was recruited in the newly established information units. The staff of the information units received training in basic computer skills, namely DOS, Windows and XL to enable them to store data manually collected in the first phase of planning, and to update the data for planning purposes.

Training manuals and materials on PEM for trainer and participants were developed, tested and adjusted. Other training manuals are in the process of being developed.

5.3 Critical factors affecting results achievement

A critical factor affecting results achievement was the continuing support of donors for the programme. A growing number of donors aligned their financial and technical assistance in Yemen to the Programme, thus promoting an integrated approach to local development across the country, which has assisted it in achieving the poverty alleviation objectives of the MDGs.

The support of other national partners, notably the Public Works Programme (PWP) and the Social Fund for Development (SFD), were important in enabling the DLDSP to scale up its activities geographically.

The commitment of the Yemeni government to decentralization, and the importance of decentralisation to the promotion of stability and development have been important factors.

5.4 Sustainability

Although the capacity building was conducted by international, external experts, the training of national trainers was successfully achieved. This placed the MT in a position to roll out the skills training through the SMT[11] in MOLA and the DFTs in the governorates. This has meant that a national cadre of capacity has been built, which provide a guarantee that the work may be sustained. The seeds of a planning and budgeting system have been sown and a pathway paved for systemic work in the future.

On the basis of some of the recommendations made by the DLDSP during December 2007, while this report was being finalised, MOLA is undergoing a very substantial restructureing process resulting in the establishment of 7, instead of 3 sectors, and are now focussing on finalising tasks and responsibilities and mechanisms of coordination between sectors.
Changes are being promoted in the Women Development Sector are being promoted on the basis of the work of the General Women Development Directorate.

5.5 Lessons

1. Starting from the level of the districts, the DLDSP's goals of involving the local communities should be seriously addressed. This means opening the doors for local people to become more active in the Programme's affairs, for example in the process of data collecting, planning, budgeting, following and monitoring the implementation of local plans.

2. A major achievement of the DLDSP was that it succeeded in bringing together many national actors and international donors to work together in a cooperative and coordinated way.

3. The establishment of the CTs from representatives of elected (local councillors) and non elected (executive officers and administrators) bodies, in addition to CBOs, creates a good working environment and helps avoid the kinds of conflicts that used to arise between these actors and which still blights the non-pilot districts.

5.6 Recommendations

1. MOLA should be institutionally strengthened by finalizing and approving of the NDS and adopting the institutional development programme produced by the DLDSP, which seeks to improve MOLA's performance and capacity to lead the successful implementation of decentralization reforms.

2. The DLDSP should provide support for legislative reform to align different national laws with the LAL, something that is widely expected in the country following the President's initiative.

3. Taking into account the President initiative, which appears to accord strongly with the direction in which the DLDSP has been moving, to move forward with the decentralisation process already initiated.

---

[11] The shadow MT is currently (June 2008) being replaced by MOLA's MT.

4. Build the capacity of the SMT in MOLA enhance MOLA'S task in providing support to the local authorities.

5. Expand the MT to enable the roll-out of the training program to governorates that are not yet involved in the program and to assure the sustainability and continuity of the work.

6. Strengthen the General Directorate for Training in MOLA to meet the challenge of an expanded capacity building programme in the governorates and districts.

7. Provide more institutional and capacity building for the local CBOs, in particular women's organizations, to enable them to participate in an active and efficient way in planning, budgeting and in local development at large.

8. Complete the training materials on PEM in cooperation and coordination with the SDF and the PWP.

9. Continue the successful approach in bringing more donors into the Programme to meet the huge challenges of the decentralization.

10. Enhance the participatory approach applied to bring together all key players in the local development and further improve of the mechanism of community participation.

6. Fiscal Decentralisation

6.1. Introduction

Fiscal decentralization has not been a separate DLDSP component, but was covered under the policy work and through the LADF experiment. After a brief description of this area and associated objectives, we will describe the evaluated DLDSP results with achievements and remaining challenges, identify critical factors affecting the results, evaluate the sustainability of results, list the lessons learnt, and provide recommendations.

6.1.1 Description of component

One critical element of decentralization policies and strategies is setting out the principles for Fiscal Decentralization for local government financing that contribute to the match between mandated local service responsibilities and funds allocated to local governments.

DLDSP should contribute, under Output 1.2, to an enabling fiscal decentralization policy by carrying out and disseminating the results of specialized studies and by creating a fiscal decentralization unit within the Ministry of Finance to formalize communication between MOLA and MOF related to local authority finances.

Under Output 1.4, DLDSP's mandate is to create a Local Authority Development Fund (LADF) to provide direct budget support to pilot districts according to their absorptive capacities, based on clear regulations. DLDSP should secure LADF resources through mobilization of coordinated multi-donor funding.

6.1.2 Objectives of component

The additional budget support through the LADF should reach at least the level to encourage the pilot districts to actually apply statutory procedures within the Public Expenditure Management Cycle developed by DLDSP on behalf of MOLA. More precisely, the objective is to test and demonstrate that the local authorities are capable to prioritize and implement strategic investment projects on the basis of clear procedures, after local stakeholders have been trained in the application of these procedures and sufficient resources have been secured.

6.2. Results

6.2.1 Output 1.2 Enabling fiscal decentralization policy in place

6.2.1.1 Achievements

DLDSP facilitated the conduct of in-depth studies (Study of Policy Options for Finances and Financial Management System, and Local Revenues in Yemen: Structure,

Performance, and Administration Capacity)). The study reports were translated into Arabic and disseminated among stakeholders, but there were no workshops conducted to inform the national discussion with the study findings and recommendations. Several explorative memoranda were formulated but have not yet been shared with national stakeholders.

During 2006, DLDSP provided technical inputs into the project formulation process of the UNDP project supporting the Financial Management Reform and thereby ensured that aspects of fiscal decentralization made their way into the project's results framework. Even though the other UNDP project in MOF started later, in 2006, and the political will has moved towards supporting decentralization, the planned Fiscal Decentralization Unit has not yet been established at the Ministry of Finance.

6.2.1.2 Remaining Challenges

A great deal of work has still to be invested into the formulation of fiscal decentralization policies. In order to inform national decision makers about resources required at the local levels for standard quality service delivery to the people, it will be essential to complete the set of in-depth studies by conducting further studies specifically on administrative and selected service costing at the governorate and districts levels. Terms of Reference for sector costing studies have already been developed.

One of the biggest issues in the financial management system in Yemen is the heavy handed role of the MOF at the district and governorate levels, which undermines the LAL by usurping the powers of the local authority administrative affairs and finance department. Here, more alignment between DLDSP interventions under output 1 and 2 is required to help the GOY to gradually move the functions of the MOF into the district and governorate Diwans.

6.2.2 Output 1.4 Coordinated donor support to the implementation of decentralization reforms and the strengthening of local authorities – establish and maintain a Local Authority Development Fund

6.2.2.1 Achievements

Resource mobilization from donors and utilization

DLDSP has definitely excelled in mobilizing donor support for its various fields of focus, but in particular for the LADF. Within only 4 years of operations, DLDSP positioned itself as the main platform for attracting massive funding from donors determined to support the decentralization process at the policy level, in the building of institutional and human capacity, and by providing capital for investment projects. As shown in Table 8 below, DLDSP mobilized in total US$ 11.3 million from 7 donors.

Table 8: Total DLDSP resources for the period 2004-2007 by donor

Donors	Resources 2004	Resources 2005	Resources 2006	Resources 2007	Total
UNDP	1346332	913749.96	700000	1000000	3960082
USAID	0	1590000	663300	0	2253300
ITALY	0	0	362756.9	0	362756

SFD	350000	200000	1000000	1000000	2550000
UNCDF	250000	104200	700000	500000	1554200
DANIDA	0	0	432000	0	432000
FRANCE	0	0	0	248520	248520
Total	1946332	2807949.96	3858056.9	2748520	**11360859**

Source: UNDP ATLAS, DLDSP data

The total amount of DLDSP expenditure for the same period is US$ 8,551,607 resulting in the impressive delivery rate of 75.2%. The diagram below shows the distribution of these expenditures by category.

Chart 4. DLDSP expenditure
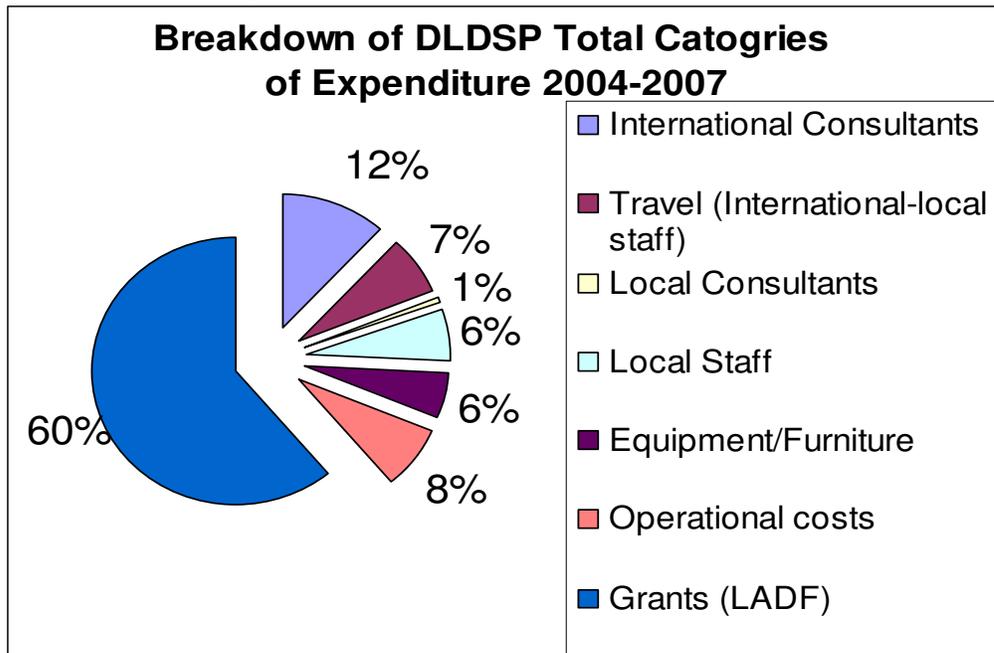
Source: UNDP ATLAS, DLDSP data

The graph shows that 60% of the total expenditures had been provided to 28 of the DLDSP districts in 6 governorates as direct budget support through the Local Authority Development Fund (see below). Further 13% were spent on local consultants, local DLDSP staff, and the delivery of equipment including IT and furniture. The category "travel", allocated 7% of the total expenditure, includes travel expenses for international and local staff. In addition, 7% of the expenditure was allocated to international consultants, who prepared the in-depth studies in cooperation with local consultants.

Hence, no less than 72% of the DLDSP's total expenditure was allocated to capacity building of Yemenis and Yemeni institutions, making a real contribution to improving the piloted districts' performance.

LADF established and operational since Financial Year 2005

In consultation with MOLA, the Ministry of Planning and Ministry of Finance, DLDSP established the LADF in 2005 as a mechanism for externally supported fiscal transfers to

pilot districts and for piloting a fiscal transfer system to the districts based on locally identified needs and gradually built capacities. The LADF adheres to the national financial regulations and budget cycle. In the local budget, these allocations are administered and accounted for under the budget line for external loans, grants and assistance. In order to get access to the LADF, the districts have to comply with clearly defined criteria. The most prominent one is the consistency of the districts' annual budget and investment program with the goals and objectives of its mid term development plan regarding the improvement of service delivery for the people. All the districts with LADF allocations received very substantial training by DLDSP in planning and budgeting and information about tendering and implementation of investment projects. The aim of this training was to enable the relevant stakeholders at the district level to formulate their development plans and budget for annual investment programs. The implementation of these projects is a tangible outcome of training off and on-the-job provided by the DLDSP teams.

Based on the information available to the ET, DLDSP is applies the LADF Regulation's procedures at least as far as their correspondence with MOLA and the Ministry of Finance is concerned. DLDSP provided annual indicative budget ceilings to 28 pilot districts and managed to mobilize donor funding to the amount of US$ 4.4 million for the LADF 2005 -2007 with additional allocations for 2008 planned to the amount of US$ 1.4 million (for detailed allocations see annex 14.1). The Evaluation team visited the sites of 18 investment projects, all of which were at least partially funded by the LADF. During the field visits, the team found that the majority of the pilot districts used their share of the LADF for the projects as approved in their development plans and annual budgets. Certainly, if the LADF experience serves to inform deepened fiscal decentralization, further research is needed especially regarding the methodology for assessing the appropriateness of and the pilot districts' compliance with the defined access criteria. Such research should also look into the strategic focus of District Development Plans and how far strategy is translated in annual budget allocation decisions.

Guidelines developed for the district level planning and budgeting procedures

On behalf of MOLA, the DLDSP has developed PEM procedures and conducted training courses and on-the-job training in all pilot districts. The most advanced module applied in all pilot districts covers planning and budgeting procedures. A manual on tendering and implementation procedures was first drafted with DLDSP support in 2005. Its finalization was delayed due to the national review of the public tendering procedures, which culminated in the adoption of the new Tender Law in November 2007. All procedures developed so far are in line with the existing laws and regulations. In comparison, unassisted districts are hardly in a position to produce the district development plans and annual investment programs needed for improved services, expanded public infrastructure, and the effective promotion of local economic development to meet national development targets and the MDGs.

Progress on the PEM procedures was based on the conceptual work of the DLDSP Mobile Team and its efforts in training the District Facilitation Teams. The DFT's day-to-day cooperation with the district Core Teams was also of critical importance. The Core Teams coordinated Councils & Executive Organs around the planning & budgeting process at district level, so that it became an integrated process in reality.

In conclusion, the human capacity in pilot districts in PEM regarding planning and budgeting procedures has certainly improved. However, what still needs to be integrated into the PEM procedures is the social auditing idea, enabling local communities to actively participate in all stages of the PEM cycle. This should be done in close coordination with the SFD, PWP and other relevant partners. Also, the cycle still needs to be completed by designing and piloting modules on asset management, revenue administration, and monitoring and evaluation. The procedures developed so far for MOLA need to be harmonized with the planning procedures of the MOPIC and financial management procedures of the MOF and the auditing procedures of COCA. The ultimate goal for DLDSP should be to integrate the harmonized PEM procedures into the revised and expanded regulations issued by MOLA, Ministry of Planning, and the MOF including accounting, reporting, and auditing.

6.2.2.2 Remaining Challenges

This section highlights the most important challenges facing the local authority system in Yemen which, along with DLDSP achievements so far, forms the foundation for recommendations on areas of focus for future DLDSP support in the context of financial decentralization and auditing.

Need for reviewing the existing revenue framework for sub-national governments

Over and above the central transfer system, on which the local authorities depend heavily, they also have a set of locally revenues at their disposal. Selected national revenues (joint general revenues) are shared with local authorities, and selected governorate revenues (joint governorate revenues) are shared with the districts.

A few potential concerns can be identified with the local authority revenue system. First, there are too many sources of district local revenue, many of which are not very productive and may not even yield enough revenue to cover collection costs. The existing sources of revenue are uncategorized. In general, allowing local authorities to keep more of the revenues they collect will improve collection incentives. Furthermore, the sharing of specific sources of revenue is considered to be most useful if done on an origin basis—this helps to establish the fiscal capacity of a local authority unit and thus provides a basis for defining more clearly the role of a redistributive transfer system. The share in the *joint general revenues* is based on the same formula as the central subsidy, but certain portions of these resources are reserved for particular functions. The following table illustrates the national total Local Authority Revenues and the proportion of self-generated and non-self generated local revenues between 2002 and 2006.

Table 9. Local authorities' locally generated revenues relative to other local authority revenues

Year	Total LA Revenues	Central subsidies +General Joint + Share of Joint R+ LADF Resources	% of total LA revenues	LA own revenues (LA resources+ Share of Joint resources)	% of LA own revenues from total LA Revenues
2002	120,908,299,112	106,700,502,172	%88.20	14,207,796,940	%11.80
2003	126,962,708,905	110,056,795,767	%86.68	16,905,913,138	%13.32

2004	148.308.866.715	128.837.387.807	%87.00	19.471.478.908	%13.00
2005	178,500,433,058	156,467,503,623	%87.66	22,032,929,435	%12.34
2006	209,136,681,321	184,121,807,191	%88.04	25,014,874,130	%11.96

Source: Ministry of Finance, National Final Accounts 2002 - 2006

Under the existing system, the local authorities own revenues have been fluctuating at around 12% of the total local authorities' revenues over the past 5 years.

In order to illustrate the importance of central transfers for local authorities, we will take the information of the previous table for the year 2006 and break these revenues down into the following categories: central transfers (investment and recurrent expenditures), general joint revenues, joint shared revenues, and LADF resources provided by DLDSP.

Chart 5. Non-self generated Local Authority Revenues 2006
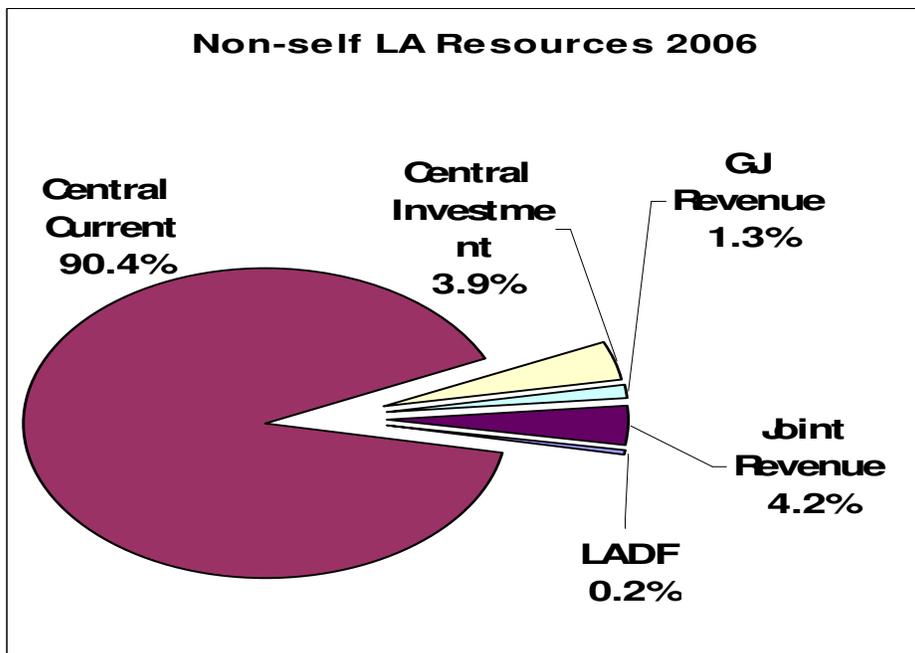
Source: Ministry of Finance, National Final Accounts 2006

In 2006, out of all revenues not generated by the local authorities themselves, 90.4% were central transfers for recurrent expenditures and 3.9% central transfers for investments. Without any doubt the most important local authority revenues are the central transfers. If the allocation of these central transfers could be adjusted with DLDSP support to reflect the actual needs of local authorities, combined with massive efforts in local level institutional development and training, the performance of districts and governorates in service delivery to the people could be drastically improved.

Need for review of allocation criteria for Central Subsidies

The pool of central transfers (*Daam Markazi*) is intended to be distributed to districts according to established criteria in line with clear policy objectives. However, the existing criteria are not being properly applied due to the absence of relevant data, and difficulties in devising adequate indicators. Consequently central transfers are currently

set as an annual ad hoc allocation by the Council of Ministers within the framework of the state budget formulation process. This arrangement does not provide the degree of predictability that is necessary for local authorities to undertake multi-annual planning of their development activities.

In addition, while local authority service demands are increasing, this pool has essentially been stagnating, as the following table on local authorities' expenditure over the past few years shows:

Local authorities' expenditures for capital investments in 2006 made up only 12.44% of the total local expenditures. The rest, 87.56%, went to recurrent expenditures.

Out of this, usually more than 95% was spent on wages and salaries, and less than 5% for operations & maintenance, i.e. for school material, deposable material in health centres etc. Without resources to cover these important expenses, service delivery effectiveness is undoubtedly compromised.

Table 10. Local Authorities' Expenditure, Yemen, 2002-2006:

Year	Total LA Expenditures	LA current Expenditures		LA Investment Expenditures	
		amount	%	amount	%
2002	111.959.499.531	107.150.155.429	%95.70	4.809.344.102	%4.30
2003	126.908.547.466	112.279.706.255	%88.47	14.628.841.211	%11.53
2004	146.491.991.141	127.798.099.186	%87.24	18.693.891.955	%12.76
2005	177,351,256,051	156,450,670,942	%88.2	20,900,585,109	%11.8
2006	208.540.061.731	182.601.326.317	%87.56	25.938.735.414	%12.44

Source: Ministry of Finance, National Final Accounts 2002 - 2006

Even though the districts are authorized by law to implement investment projects within their geographic boundaries, some development projects are still planned, funded, and implemented by higher levels of government. These are then passed on to local authorities, which are expected to operate and maintain them without adequate resources. Also, some of these projects have been passed on to local authorities to complete their construction, which has overloaded their investment budgets for many years, and has prevented them from allocating their investment budgets to their evolving priorities. The district local authority revenues generated locally are, by law, devoted almost entirely to capital expenditures, including fees that are collected for delivering services, which are supposed to be devoted to recurrent operating costs.

Weak internal control systems and internal audit functions in districts and governorates:

At the local level, the branches of the MOF in the accounting units, as well as the Departments for Financial Affairs, play a strong role. Within the existing system, the MOF is responsible for the budget execution as well as for the internal financial controls, a practice that is inconsistent with the LAL and reduces the powers of the district. The internal auditing function at district and governorate level is very weak, and is generally carried out only by the MOF, whereas the local authority should play an important role.

However, according to a recent Cabinet Decree, the two offices of the local branches of the MOF will soon be merged into one. The next step needed would be to fully integrate the financial management function into the district and governorate Diwans. It must be recognized that government concerns about the lack of district capacity is an important factor behind these arrangements.

External auditing of local authorities:

The external auditing of local authorities falls under the mandate of the Central Organization for Control and Auditing (COCA). However, due to limited financial and human resources, not all of the 333 Districts have been audited so far; among the DLDSP pilot Districts 42 out of 48 have been audited. Through its Regional Training Centres, COCA trained about 60 auditors in the auditing of district accounts, using guidelines based on the relevant laws and regulations. The Administrative Units Sector in COCA regularly conducts legality and financial audits and has just started with performance audits. Key audit findings and recommendations are usually related to the weak internal control systems in local authorities. Against the intensions of the LAL, the COCA audit reports that have been sent to the Governors are not always passed on to the district councils. This fact limits the ability of the district councils taking of local corrective actions.

6.3. Critical factors affecting results achieved

Especially since the second half of 2007, decentralization has reached the top of the political agenda in Yemen. The long dormant Technical Committee was reactivated to guide the process of drafting the NDS. The DLDSP had submitted the first draft NDS in 2006 and followed the process closely as member of the Technical Committee.

The MOF was successfully integrated into the process of transferring LADF funding to the pilot districts. Using the standard procedures set out for the transfer of central subsidies, combined with the active follow-up of the transfers from the governorate-based DLDSP District Facilitation Teams ensured the safe arrival of the funds in the district accounts. However, in a country like Yemen, ranked 131 in the Transparency International Corruption Perception Index 2007, there is need for increased participation in the project management cycle through social auditing to reduce local corruption to the minimum.

6.4 Sustainability of results

The LADF has existed as an experiment over the past 4 years. The additional funding provided to districts resulted in the implementation of investment projects. The operations and maintenance of these facilities can only be sustained if central transfers include sufficient funds for recurrent expenditures.
Detailed agreements with primary and sector ministries on alignment with decentralization policies were reached in 2006, but have not yet formalized. There is special need to achieve alignment amongst the policies and procedures of the MOF, Ministry of Planning, Ministry of Civil Service, and COCA.

Through the Mobile Team, DLDSP has been building the capacity of officers, including finance officers, at the governorate and at the district level in fields covered by their normal scope of work. The training helped them to produce mid-term development plans and related annual investment programs of outstanding quality. However, in order to ensure the sound implementation of these plans and budgets, there is need for DLDSP to provide additional technical support to districts in supervising investment project implementation.

DLDSP has proven that districts are able to handle increased funding, if PEM procedures are clear and the necessary formal training and initial on-the-job-training is also provided.

6.5 Lessons learned

At the policy level, the key issue in Yemen is that the laws and regulations governing the local authority system are not aligned with overall legal framework including fiscal and sector decentralization as well as local level civil service policies.

In addition, future technical DLDSP support would be well spent if it goes into clarifying the mandates and functional assignments for each level of governance and the alignment of relationships within and between each level. In general there is need for a national policy to address the capacity gaps at local level to execute assigned functions – capacity in terms of institutional structures, operational systems (procedures, guidelines) and human skills.

At central level, MOLA's weak capacity in leading the complex decentralization process in Yemen has also been addressed by DLDSP. With technical assistance, an Institutional Development (ID) Strategy for re-structuring MOLA was developed and submitted to the Minister, who is very supportive to this initiative. If the MOLA ID process leads to an enhanced technical capacity, MOLA's role in strengthening local government could be significant in the near future.

The Governorate still doesn't perform its regional function in integrative planning (across districts) and strategic planning and budgeting for governorate level socioeconomic development. Support functions for doing this as well as for public expenditure management still need to be developed. Finally, the scope of responsibility of the governorate needs fine-tuning.

Most of the districts face severe technical and administrative staffing gaps. Where staff is in place, the capacity in public expenditure management is still very limited. DLDSP has provided training to multi-sector Core Teams in 48 districts. Following the trainings, most of these districts have applied the procedures for planning & budgeting, tendering & implementation of investment projects in line with the existing laws and regulations. The combination of classroom and on-the-job training on a day-to-day basis has yielded good quality results for the population. However, social auditing is still a very new concept in Yemen, and should be piloted by DLDSP in the next phase. The same applies to gender mainstreaming. The gender perspective is a recent approach in Yemen. Far more DLDSP engagement is needed to pilot gender sensitive planning and budgeting.

6.6 Recommendations

Based on DLDSP objectives, achievements, and challenges within the local authority system regarding financial decentralization and auditing, DLDSP should focus its future support as follows:

1. The DLDSP should immediately start disseminating the findings and recommendations of studies that have already been conducted, and the models of new structures at the district and governorate level that it has been testing. This could be done through national stakeholder workshops or conferences to inform the ongoing national discussions about the new local governance system.

2. The DLDSP, in close cooperation with MOLA, MOF, and COCA, should conduct a more in-depth performance assessment to enhance an inter-agency dialogue and to inform the process of reviewing the system of central transfers. The assessment should be based on the draft LADF regulations.

3. These studies should analyze the administrative costs of the existing institutional structures at the district and governorate level and compare these costs with the estimated costs of the new structure at these levels as already developed by DLDSP, and to be agreed to by MOLA. The cost comparison between the existing and the proposed institutional arrangements and functional assignments should be used to inform the national decision making process on reforming the existing structures and functional assignments. These costing studies should be complemented by studies of local service delivery – again comparing the costs of running the existing services with costs of service delivery under new structures and functional assignments as proposed by DLDSP, and to be agreed to by the sector ministries. The results of these studies will provide information about current administrative and service delivery-related operational costs at the district and governorate level. These costs can then be compared with the effective local operational budgets to identify the financial gaps to be filled by fine-tuning Central Transfers. The results of these studies should be shared in stakeholder workshops. Informing the GOY about the findings, the effective administrative costs of running the system at the district and governorate level and the costs of providing local services to the population would provide a useful basis for increasing districts' budget allocations for operations & maintenance.

4. The DLDSP should support the GOY to improve the existing distribution mechanism of the central transfers to local authorities by conducting a study together with MOLA, MOF, and COCA to evaluate the existing policy objectives behind the central transfers, the distributional impact of the utilized mechanisms and its appropriateness to achieve these policy objectives, and to recommend a simple set of distribution criteria for which data and indicators are easily available. The ultimate goal would be to help the GOY to further enhance the transparency and predictability of the central transfers system.

5. Regarding the system of local revenues, the presentation of the related study inaugurate the opening of a policy research process, supported by DLDSP, aimed at investigating how to simplify the existing system of local authorities' revenues. Additional work would have to be done to determine which revenues should remain in place and if any restructuring of revenue bases or administration is needed. It would be useful to classify sources of revenue to facilitate analysis of district revenue generation.

Categories could include, for example, local taxes, administrative and regulatory fees, user charges for public services, licenses, etc. In particular, the joint governorate revenues should be revisited in order not to undermine incentives for individual districts to collect revenues. In general, allowing local authorities to keep more of the revenues they collect will improve collection incentives. Furthermore, these studies should investigate the sharing of specific sources of revenue on an origin basis as this helps to establish the fiscal capacity of a local authority and thus provides a basis for defining more clearly the role of a redistributive transfer system. Thought should be given to the question to governorate sources of revenue. A question that should be addressed is whether there should be a central subsidy to the governorate level to enable programming of resources towards governorate level investments or cross-district investment. This process should be carefully linked with the piloting of new governorate structures including internal audit unit.

6. In coordination with MOLA, MOF and COCA, the DLDSP should conduct a study of the existing system of internal financial controls at the district and governorate level and recommend institutional arrangements for an improved system that integrates the financial management functions currently executed by local branches of the MOF into the local authority system, and that provides for an independent internal audit unit aligned with international internal auditing standards[12] to be piloted with DLDSP support.

7. As originally planned[13], DLDSP should support COCA in auditing the local authorities in general, and the DLDSP pilot Districts in particular. In addition, the existing audit guidelines should be reviewed in the light of the outputs of the PEM procedures DLDSP is developing for MOLA. The reviewed guidelines should be piloted in the form of performance audits in selected pilot districts.

8. Social auditing means involving communities in the planning, monitoring and evaluation of investment projects for infrastructure and service provision. It is a proven mechanism to enhance local transparency, efficiency and effectiveness in service provision. DLDSP should consider the concept of social auditing when developing its participation manual as part of the PEM cycle. While finalizing the manual and transforming it into training material, DLDSP should, in cooperation with SFD and other partners, select among its pilot districts some with active community participation. The DLDSP should disseminate the concept of social auditing and involve pilot communities in DLDSP supported training in this area.

---

[12] These standards are being developed by the Institute for Internal Auditors, with the nearest representation in Oman.
[13] See Project Document pp. 8,10

7. Planning, Infrastructure and Service Delivery

7.1 Introduction

The immediate objective of this component was the increased quality and coverage of physical and social infrastructure with the following outputs:

1. Physical and social infrastructure, and services quality and coverage, are improved in 6 pilot districts, according to plans and programs adopted by the LA

2. Best practices in dry-land management and water conservation are identified, disseminated and applied in at least 2 pilot districts

7.2 Results

7.2.1 Output 1: Improved quality and coverage of social infrastructure and services in 6 pilot districts, according to plans and programmes adopted by the LA.

7.2.1.1 Achievements and remaining challenges: Planning

An important issue in terms of service provision is the process used for the choice of the projects that are ultimately implemented. This development planning process is briefly discussed with specific reference to the appropriate provision of services.

A comprehensive planning manual[14] has been produced by DLDSP which covers the complete process and gives detailed guidance for the production of a development plan and associated budget. It includes the full planning cycle from activation of the community, data collection and validation through to development objectives and project prioritization to meet those objectives. It includes examples. It is a well thought out document and covers the process well but although it talks of activation of the community and participatory planning procedures, the document has very little on this important component. Community participation is currently largely left to the councillors in the districts to contact their communities and the effectiveness of this varies considerably dependent on the presence of non-governmental organisations (NGOs) and community based organisations (CBOs) that can be used. There is no formalized process of community involvement in the planning process or in project implementation and monitoring.

A community participation manual is currently being produced which should address this but there is an urgent need to complete this work, integrate it into the planning process and implement it.

The planning manual has been used to develop a Trainers Guide and Participants Handbook (both only made available in draft form) and training has taken place in all the pilot districts. Based on the discussions held in the districts and the plans produced, this training has clearly been very successful. In all the districts visited, development plans

---

[14] The District Planning and Budgeting Process, Draft 1

had been produced and, considering the length of time since the process started, these are very impressive. The reason for the success of this work seems to be the basic human capital in the districts visited, the quality of the training provided, the comprehensive and detailed templates and systems that were provided by the DLDSP and also the core teams that were created in the districts.

The Core Teams are an innovative solution implemented by the DLDSP to overcome some of the inefficiencies inherent in the structure of the Districts, and it has been successful in bringing key players from the district and the community together into a team to take responsibility for the development planning process.

The indications are that the importance of the development plans is understood by all the people interviewed and the plans are being used to a large degree by the districts. There have been some delays in the use of some plans in that projects committed prior to the development of the plans had to be completed before projects in the plans could be funded.

An important component of the planning was the collection of data for the creation of a *profile* of each district used to provide strategic information for project prioritization. A considerable and impressive amount of information has been collected. To date the information has been collected manually using templates prepared by the DLDSP in a spreadsheet. A number of district members indicated that some information had been difficult to collect, was not always available and some was not as accurate they would like. This should improve with time.

A database to store and analyze this data is currently being developed by the DLDSP and this *work in progress* was inspected. It has a number of very good features and great potential but needs to be completed and tested in a district. It is able to keep historical information and will improve the value of the data considerably.

Through discussions with the communities, although this was limited, there was strong support for the projects on development plans and projects chosen appear to be appropriate and reflect the needs & services required. However, at one project in particular (water harvesting tank in Haifan), the sample of community members that were met, were not happy with the project and tried to find fault with the facility (our view was that it was well constructed) and noted that the water tank had been constructed on land for which proper permission had not been obtained. After some probing questions, they confirmed that the reservoir was needed for the community but that no water had yet been made available. This is an indication of lack of ownership by these community members and points to the need for more community interaction and the resolution of conflict prior to the construction of projects.

On other projects such as a number of the clinics visited, the buildings are complete but are not yet operational. In one case the building had been standing for a period of 2 years due to the lack of furniture and staff to run the facility. This again points to inadequate planning prior to the construction of the buildings. When this issue was discussed with the Ministry of Education in Sana'a it was noted that if schools are constructed to guidelines provided by the ministry in terms of geography and learner/classroom ratios, the staffing of these schools is never a problem. The problem arises when other criteria are used for the choice of a school.

At a number of discussions at both national and district level, the issue of the prioritisation and choice of projects was discussed and a number of difficulties noted.

The planning guidelines have comprehensive systems for prioritisation but the following are some of the problems still encountered:

- Certain projects are approved without using guidelines from the line ministries, which means that projects are not always operational.

- Projects are not always chosen strategically and politics and lobbying still plays an important part for some projects.

- Councillors noted difficulty in choosing projects.

- Sometimes plan are approved at district level and are then changed once they reach governorate level again resulting in incorrect project being chosen

On a number of occasions interviewees noted problems with estimation of the cost of projects that get into the development plans, which are delayed when funding is inadequate to complete the project.

Economic development and environmental projects are starting to be introduced in the plans but strategies in this regard appear to be limited and are only picked up in some districts. It was also noted that even where environmental and LED projects were included in the development plan, the law prevented them from being funded by the LADF, unless they took the form of capital projects (there is apparently a requirement that only capital projects be funded. These elements, although an integral part of the original programme document have yet not received much attention.

7.2.1.2 Achievements and remaining challenges: Physical infrastructure

Based on the list of projects provided by the DLDSP funding has been provided for a total of 281 projects in 6 governorates and 28 districts. A full list of the projects is given in annexure 4.1 and these are summarised in table 11, below. This indicates the spread of LADF funding across the districts and also the number of projects. It also show that except in 4 districts, where between $US 88 000 and $US 99 0000 was spent, well in excess of $100 000 was spent on infrastructure through the LADF in each participating districts.

Table 11. Summary of projects funded through LADF with LADF contribution, total project cost and the percentage of the funding provided by LADF (conversion rate of YR 200 to $US was used).

Governorate	District	No of Projects	LADF ($US) contribution	Total Cost ($US)	%LADF
Abyan	Khanfir	8	248 800	300 945	82%
Abyan	Lawdar	9	177 610	392 795	72%
Abyan	Rosod	7	134 105	214 220	64%
Abyan	Zunjubar	7	104 415	179 530	71%
Abyan	**4 districts**	**31**	**664 930**	**1 087 490**	**61%**
Al-Jouf	Al-Hazm	5	113 640	113 640	100%
Al-Jouf	Al-Matammah	5	144 330	216 944	86%
Al-Jouf	Barat Al-Enan	8	203 045	321 574	91%
Al-Jouf	Khub Walsha'af	9	268 300	402 587	90%
Al-Jouf	**4 districts**	**27**	**729 315**	**1 054**	**69%**

| Governorate	District	No of Projects	LADF ($US) contribution	Total Cost ($US)	%LADF
				745	
Amran	Amran	5	129 010	158 038	92%
Amran	Eyal Suraih	8	104 885	226 046	73%
Amran	Jabal Eyal Yazeed	12	130 040	167 738	84%
Amran	Kha'mer	5	100 110	190 792	69%
Amran	**4 districts**	**30**	**464 045**	**742 614**	**62%**
Hadramout	Al-Soam	5	88 755	421 660	23%
Hadramout	Broom & mafia	14	167 130	1 626 627	32%
Hadramout	Gail Bin Yameen	18	235 675	1 727 339	38%
Hadramout	Hadibo	21	193 175	2 677 110	21%
Hadramout	Qalansiyah wa Abdul kory	14	217 530	1 107 419	36%
Hadramout	Sayoun	6	90 710	482 715	20%
Hadramout	Shebam	7	106 410	372 935	32%
Hadramout	Tareem	6	98 710	806 980	21%
Hadramout	**8 districts**	**91**	**1 198 095**	**9 222 785**	**13%**
Hodidah	Zabid	13	296 000	640 805	56%
Hodidah	Al-Mansooriah	6	95 635	314 000	41%
Hodidah	Al-Monira	8	174 630	500 335	35%
Hodidah	Bajel	12	350 580	744 325	90%
Hodidah	**4 districts**	**39**	**916 845**	**2 199 465**	**42%**
Taiz	Al-Ma'afer	16	311 860	1 508 705	32%
Taiz	Al-Makha	11	269 140	509 860	52%
Taiz	Haifan	17	266 440	1 891 385	40%
Taiz	Maqbanah	19	509 855	1 230 180	55%
Taiz	**4 districts**	**63**	**1 357 295**	**5 140 130**	**26%**
TOTALS	**27 districts**	**281**	**5 330 525**	**19 447 229**	**27%**

Table 12 gives a summary of the project types in all districts. The majority of the projects were educational projects both in terms of the number of projects as well as the value of the projects, followed by health projects with the next highest number of projects.

Table 12. Summary of LADF projects by type of project

Type of Project	No of Proj	LADF Contr.	Tot Cost	% LADF
Agriculture	7	110 300	332 745	50%
Education	131	2 347 865	9 958 883	47%
Health	54	897 325	4 116 561	55%
LED	1	7 115	7 115	100%
Local Authority	10	190 785	190 785	100%
O&M	4	249 625	277 230	89%
Roads	9	108 830	1 705 955	32%
Sanitation	8	136 135	277 880	50%
Sport	2	17 715	35 820	68%
Water	55	1 264 830	2 544 255	58%
TOTALS	**281**	**5 330 525**	**19 447 229**	**27%**

Chart 6 gives the LADF allocation to each governorate for each financial year from 2005 to 2009, which, except in the case of Hadramout, indicates a decline of funding with time.

Chart 6. Estimate of funding by year for the various governorates
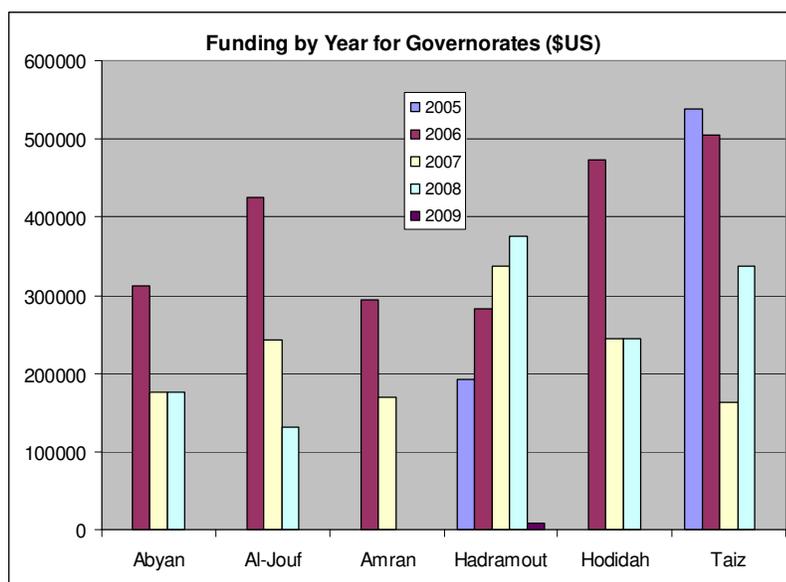
The evaluation of the physical infrastructure created through the LADF was undertaken by means of site visits to inspect the physical product on the ground by discussion with the district officials and discussions with community members where this was possible.

Procurement procedures and Tendering

An important element of the decentralisation process is the controls and procedures that are used for the procurement of contractors, materials and other services to ensure the proper use of funds, transparency and the control of corruption. To assess the quality of

procurement procedures, the documentation in a project files was scrutinised in detail (only two files due to the difficulty and time required for translation). Although the DLDSP has not yet completed its procurement training manual, which is currently in draft form, current laws are being used for guiding the process and rigorous procedures are being used for project specification, call for tenders, costing (Bills of Quantities), adjudication of tenders received, tender award and contracts.

The payment certificates were also scrutinised and found to exercise good control. Payments are only made on various agreed milestones only and prior to payment, the project is visited by the engineer who produces a certificate recommending payment (or otherwise) which gives details of progress in terms of the milestones and also comments on quality.

Draft manuals for procurement have been prepared and have been circulated for comment. These documents had been updated at the time of the mission, but training on them had not yet taken place.

Project Design

The design of projects can affect the usability of the facility, construction cost, maintenance costs and operation costs. Further, it appears that in Yemen, where there is still very strong cultural and heritage awareness, the design of a building can also affect how it is accepted by the local community and how it fits into the local environment. It is therefore important to consider some aspects of the design of the projects visited.

In general the designs encountered were satisfactory for the purpose.

For the majority of the projects visited, the designs were provided centrally (from Sana'a) by the line ministries and were chosen from a set of standard designs. This approach has some advantages in that a consistent level of product is created across the country but the designs are Sana'a centric and often do to not fit into the local environment, even though from a technical point of view, they are satisfactory and will perform the function required of them.

The flexibility allowed by the relevant ministry varies. For example, the Ministry of Health does not allow variation of their design; whereas, the Ministry of Education gives the professionals at the district level a high degree of freedom to change designs to fit into the local landscape and use local materials.

There are both advantages and disadvantages to this. For example in Hadramout, schools visited had been redesigned to have an innovative mix of modern and traditional building techniques where a conventional concrete frame was used but with traditional local mud building methods being used for the construction of the walls and floors. This apparently reduced the cost of the schools by 30 to 40%, produced a building that fitted into the local landscape much better and allowed for the use of local materials and skills (more money would be left in the local community). The proportion of local material and skill content is very high and although the maintenance cost of these buildings is likely to be higher, the skills required for this maintenance is available locally and often within the school community. On one school, however, for which the design had been altered, a stair case had been omitted and it is the view of the evaluator that this compromised the fire safety of the school. Local design and innovation should be encouraged but there is probably some form of overview function to approve these designs at governorate or ministry level required.

Some of the designs used, such as an animal health unit in Hadramout, were quite inefficient and for a single story building, in an area that does not have earthquakes, a concrete frame had been used in conjunction with concrete blocks. This seemed an unnecessarily conservative design with the consequent cost penalty.

At a water distribution project in Abyan, the design was poor. Although the local residents were very pleased with the installation, there was frequently no water and some of the pipes were PVC and running on the surface of the soil. This is likely to be damaged and need maintenance. A holding tank would also overcome the periods when no water is available.

7.2.1.3 Achievements and remaining challenges: Implementation of physical projects

In this section we consider the construction of the projects and some of the issues affecting it.

The human capacity in the districts visited both in terms of the numbers of people and their perceived ability was impressive and there is a good base to move forward. Much of the credit, in discussions, was given to the DLDSP for their capacity building efforts. In most of the districts, it was felt that more training is still required to assist staff to undertake their work better. The training required varied considerably from specific technical training to administrative and computer training.

During the evaluation process, 18 projects were visited as listed in Table 13 below. A brief technical report on each of these projects is given in annexure 4. After the completion of the reports it was established that two of the projects visited are not funded through the LADF (projects P01 and P12). These reports have been included for information and completeness.

The majority of the projects were infrastructure projects but three were for the supply of equipment to health centres (P06, P09, P16). Five of the project visits were not planned (P01-03, P12 & P15) but were visited because the team was in the vicinity and the visit increased coverage and understanding of the projects. Of the 18 projects visited 5 were education projects, 6 were health projects, 3 were water projects, 1 was a sanitation projects, 1 was a transportation project and 2 were agriculture projects.

The quality of the product that was inspected in the three governorates and 5 districts was generally of good quality. Only 10 of the projects visited were complete and comment on the quality therefore had to be made on the work that was complete at the time of inspection. Only one project could be considered unsatisfactory and that was the water distribution project in Abyan, which had PVC pipe to the houses with portions which were not buried. The general quality of workmanship on this project was poor. More detail on the quality of each project is given in the project reports in annexure 4.

All contracts are undertaken by formal contractors appointed by means of a tender procedure (discussed above). The tender documents do not provide for incentives for the use of local labour, labour intensive construction methods or the use of local materials, which would be an advantage in a country which has high levels of unemployment.

Table 13. List of projects visited during the evaluation process (projects without values were not formal visits and were visited in passing P01-3, P12, P15)

Ref	Project	Governorate	Fund year	Type	Complete	Used	District	LADF$	Tot$
P01	Al-keleif School (Girls)	Hadramout	2007	Education	No	No	Tareem	0	190 135
P02	Meshtah School (Girls)	Hadramout	2007	Education	No	No	Tareem	19 325	138 335
P03	Animal Unit	Hadramout	2007	Agriculture	No	No	Al-Saoum	18 770	85 920
P04	Maryama School for Girls	Hadramout	2007	Education	No	No	Seiyun	20 000	20 000
P05	Algorfha School for girls	Hadramout	2007	Education	No	No	Seiyun	16 135	16 135
P06	Equipment for Health Unit, Allkrn	Hadramout	2007	Health	Purchased	No	Seiyun	9 035	9 035
P07	Animal Health Unit, Alhouta	Hadramout	2007	Agriculture	No	No	Shibam	22 390	22 390
P08	Health Unit, Al Hawel	Hadramout	2007	Health	No	No	Shibam	20 000	20 000
P09	Equipment for Health Unit, Wadi bn Ali	Hadramout	2007	Health	Purchased	No	Shibam	10 600	10 600
P10	Almahhraby-Alabous Road	Taiz	2005	Transport	Yes	Yes	Haifan	5 430	344 975
P11	Water harvesting Tank	Taiz	2005-7	Water	Yes	No	Haifan	21 900	92 700
P12	Musaher Health Unit	Taiz	2005	Health	Yes	No	Haifan	0	124 550
P13	Hosega School	Taiz	2005	Education	Yes	Yes	Makbanah	7 460	51 060
P14	Health Unit	Taiz	2005	Health	Yes	No	Makbanah	10 350	85 000
P15	Alheijeh gaher Water Project	Taiz	2006	Water	No	No	Makbanah	10 000	24 940
P16	Health Unit Equipment	Abyan	2007	Health	Purchased	Yes	Zingbar	6 410	6 410
P17	Sanitation Project	Abyan	2007	Sanitation	Yes	Yes	Zingbar	25 645	68 225
P18	Water Project	Abyan	2007	Water	Yes	Yes	Zingbar	32 030	32 030

Of the 10 projects that were complete, only 5 of these were in use. The reason for this varied but all appeared to be due to lack of adequate preparation of the project prior to construction. Of the three projects where equipment for health units was purchased, only one was being used and in that project, it was very successful with the equipment making an enormous difference to the health unit. In the other two projects, one is waiting for the health unit construction to be complete and in the other the health unit is not yet operational.

Two of the health units visited are complete but are not operational as staff and equipment are not available. The one has been complete for almost 2 years. At the water harvesting tank in Haifan, the tank is full but the water is still not being made available to the community and at the water project in Makbanah, the borehole is nearly complete but no water will be distributed until the next phase of the project (distribution of the water to three villages) is undertaken. It is unacceptable that services are not provided once the funding has been spent and more preparation to resolve these issues is needed prior to commencement of construction

At every district visited, it was noted that the cost of project procured locally rather than centrally, the costs were considerably lower. A number of actual examples were discussed and in at least two the reason for the higher cost is due to the contractor who wins the tender sub contracting the work to local contractor (in one case is was sub-sub contracted) with each one taking a portion of the cost as a fee. It is more efficient to appoint local contractors directly and the district officials argue strongly in favour of this.

7.2.2 Output 2. Best practices in dry-land management and water conservation are identified, disseminated and applied in at least 2 pilot districts

7.2.2.1 Achievements and remaining challenges

The areas chosen for the pilot in this output are Zabid-Hodeidah Governorate and Al-Makha-Taiz Governorate with the view to implementing sustainable practices that will lead to enhanced management of natural resources at district level. Successful experience was to be transferred to other districts.

This area was not visited by the evaluation team and the following comment is based on reading and interview.

A situation analysis was undertaken in 2005 (Situation analysis of local governance of land and water resources in Zabid and Al-Makha districts: Identification of Sustainable and Unsustainable Practices) to

- understand governance of land and water resources
- identify at least 5 sustainable practices
- identify at least 5 unsustainable practices
- documentation of these practices as case studies

The report was used to develop proposals for revised institutional arrangements for management of water resources at a basin level.

The DLDSP developed proposals and a diagram for a decentralized model of governance for water (refer to diagram in annexure 4) was negotiated and agreement reached with a designated team from the National Water Resource Authority (NWRA) of the Ministry of Water & the Environment (MWE).

This modality was developed by the DLDSP, NWRA and German Technical Cooperation (GTZ) and is to be piloted by the DLDSP with specialized technical support in water resource management to be provided by a GTZ program and in coordination with NWRA in the Governorate of Amraan and 4 pilot districts that are geographically situated in the target basin. The process of appointing relevant staff was to take place in 2007 but suitable candidates did not emerge in the first round of interviews. This is to be followed up in the New Year.

7.2.3 Challenges in the wider environment

Although the planning process is comprehensive and impressive, a number of interviewees noted the problem of there being insufficient funding for projects in the development plan (except for Shibam where they expect to be able to almost fully fund their plan) and this tends to undermine the planning process. Considerable effort goes into the process for minimal result.

There is a high degree of buy-in to the development planning process and the resulting development plans but there are still a number of agencies and ministries who are not using the plans or if so, only partially. The reason is that there are a number of parallel processes and structures and a common concern is the capacity in districts to undertake the work. This is understandable in the districts that are not on the programme and there should be a gradual approach to insisting that the development plans become the main planning tool for all service at district level with time. This will give the plans more weight and improve them with time.

The development plans do have a strategic element but this seems to be mainly based on the basic needs and indicators highlighted by the data collected. This is essential but the next step is to add strategy at a governorate level particularly relating to economic development and the environment.

The designs of projects, as discussed above, are not always optimal and there is a need to ensure that the design process is improved to make the end product as cost effective, efficient, usable, and focussed on local needs as possible. More could also be done to maximise local input and job creation.

In every discussion held, Operation and Maintenance (O&M) of projects was seen as a problem. The officials are generally aware of the need and importance of this aspect of service delivery but funding is minimal or absent. The result is projects that have run into disrepair and are no longer operational (this seems to be a common problem with water projects) and are therefore no longer providing service. The cost of maintenance is generally far lower than the construction of new projects and therefore is a more efficient way of providing service. The main reason appears to be that much of the funding provided is for capital projects and may not be used for O&M. The DLDSP have a number of projects which are for maintenance which achieve a lot in terms of service delivery very efficiently.

The structures of the districts, particularly with regard to the Executive Offices (EOs) are inefficient, each line ministry having its own sub-structure, often doing similar tasks. For example in at least two of the districts where this was discussed in detail, there are engineers responsible for education, health, public works etc (as well as other skills such as administration, Architecture). Each is responsible for the projects of their service and the duplication is considerable and the system inefficient. A single infrastructure department with a good mix of skills could improve service delivery at lower cost.

Women are absent from the construction environment meaning that this resource which is so important in many countries is not being effectively utilised and this must have a negative impact on service delivery and the economy.

7.3 Critical factors affecting results achievement

External

The sector ministries interpretation of decentralisation is often de-concentration. A consistent view across all sectors and other ministries is needed in order to enjoy successful service delivery across all sectors at districts.

Programme Related

The fact that the implementation of the community participation has been delayed has had an impact on service delivery.

7.4 Sustainability

1. The participatory planning process needs to be improved in order to ensure ownership of the projects by the beneficiaries, which will allow communities to take responsibility for the maintenance and operations of the facility.

2. The LADF as a funding mechanism needs a critical mass of resources and sufficient funding to sustain a team with adequate resources to undertake devolved functions in a meaningful manner.

3. Operation and maintenance must become and integral part of the budgeting to ensure that the service is delivered into the future.

7.5 Lessons

1. Good staff members are able to absorb the training and capacity building provided by the programme which allows rapid implementation fairly comprehensive systems and procedures.

2. The need for proper preparation of projects prior to implementation was highlighted on a number of projects where in some projects they were not operational for reasons such as staff not having been allocated, furniture not available and conflict within the community.

3. Local development should be driven locally but there is a need to provide clear guidelines and policy from the central level to assist and governorates should provide technical backstopping and monitoring.

4. Bottom-up community planning should be complemented with district planning and strategic governorate planning and linked to the actual resources available to make them realistic.

5. Donor coordination has been particularly impressive on this programme and indicates that it can be very successful with the right vision and effort.

6. Technical support is needed all levels and needs a balance between intervention and hands off approaches depending on the needs of the situation and people in place.

7.6 Recommendations

1. To overcome the lack of ownership found at some projects as well as the number of projects that are complete but still not operational and providing service, there is a need to improve project preparation prior to the commencement of implementation of the project.

2. The planning process which takes place at district level should have simple, clear guidelines from each of the sector ministries, which assist in the prioritisation and choice of projects that should be included in the development plans. These would be used by the sector representative as criteria for the project selection process and would overwrite all other criteria.

3. Support should be provided to the governorates & districts (Including the private sector) to develop strategies for economic development and protection of the environment and these issues should receive more attention.

4. The programme should assist the governorates to take the lead on environmental issues to allow them to develop strategies and to use them to guide districts and the planning process.

5. Assistance should be given to provide additional training in technical skills at the districts and this should be supported with backstopping at governorates.

6. To spread the good work that has been achieved, learning and best practice sharing should be supported and encouraged between different governorate & districts, particularly when additional governorates and districts join the programme.

7. To assist in ensuring that projects getting onto the development plans are properly thought out and have accurate budgets, it is proposed that some funding be made available for scheme work and feasibility studies to allow some preliminary design and costing of proposed projects prior to them getting into the budget.

8. Due to its importance and the potential to provide services very cost effectively, O&M must receive more attention and funding and assistance should be provided to create mechanisms that allow this.

9. The use of local designs should be encouraged but this skill needs to be nurtured and grown. Assistance should be provided to assist in setting up mechanisms within the structures of the governorates and districts to provide support and monitoring of designs.

10. The structure of the districts is not currently efficient with duplication of skills across the sectors and the Diwans. It is recommended that serious consideration be given to restructuring these bodies along functional rather than sector lines.

11. To strengthen the development plans more encouragement should be given to all stakeholders (donors and sector ministries) to use the development plans as their primary planning tool. This would include funding for these projects going through the LADF.

12. Strengthen technical skills in districts and assist governorates to provide backstopping Assist governorates and districts to develop LED strategies in collaboration with private sector.

8. Cross cutting issues

8.1 Introduction

This section deals with two cross-cutting issues: gender and the awareness campaign. Gender was neither a component in its own right, nor treated as a cross-cutting issue in the programme design. It has, nevertheless, been increasingly targeted by the DLDSP over time. The awareness campaign assessed here was made a specific output of the Substantive Revision of the Programme Document in 2004.

8.2 Results: Gender

8.2.1. Achievements

The DLDSP has increasingly begun to integrate gender issues into its work, despite the fact that they were not highlighted either in the Programme Document or in the Substantive Revision.

Some of the services delivered in the pilot districts supported by the DLDSP favour girls and women, notably roads, schools and rural water projects. It is also worth noting that, by the time of the evaluation mission, the PEM manuals and training materials were being gender-mainstreamed with the support of GTZ's Equal Chances Project – Women in Development (see section on Gender)

The Institutional Development program for MOLA aims to adopt gender-sensitive policies across the Ministry, particularly in area of area of human resource management.

8.2.2 Challenges

There is no clear vision or objectives explored in Program Document or the workplans with respect to women, and this is contrary to UN policies, which aim to mainstream gender in all plans, programs and projects. This unclear framework in tackling the gender issues leads to confusion in the way women are supported and their needs addressed within the Programme.

There is gender imbalance on the staff of the Programme. Of the DLDSP staff, only 4 people out of a staff complement of 18, namely 22%, are women, and most of them are in secretarial positions.

Relatively little institutional development and capacity building work targets women.

The General Women Development Directorate in MOLA received a minimum of office equipments and furniture from the Program. The GD for Women's Development was also, however, provided with technical support (e.g. Clarification of tasks and functions of GD staff – which culminated in the formulation of draft job descriptions for that department – support in the formulation of the GD's operational plan and budget for 2008, and technical assistance in the clarification of functional assignments across the

Local Authority System pertaining to the promotion of gender-sensitive local development). The Department was also supported in the programming and conducting of two national stakeholder consultations on issues pertaining to advocacy, and gender-sensitive development at the local level. The staff involved were either in MOLA or in the governorates and most were involved in capacity building activities, with support from Equal Chances for Women Project, a GTZ initiative.

Although intensive work has been done to integrate gender issues under the framework of the National Women Development Strategy/Gender Strategy, it was very clear that the National Women Development Strategy has not informed gender mainstreaming in MOLA in term of policies, programmes and projects, although the National Women Development Strategy did inform technical support provided to the GD for Women's Development, for example clarifying functions across the Local Authority System. Furthermore, the work of the General Women Development Directorate (GWDD) has not been taken into account in the Programme, apart from the manuals and training mainstreamed with the support of GTZ, mentioned above. The main task of the GWDD is to mainstream gender in the policies, strategies, plans, programs and projects of all sectors of the government in Yemen and a close link with this organisation would have facilitated this process.

The weak influence of the National Women Development Strategy and in MOLA resulted in the lack of support for Women Directorates at the governorate level and also in confusion about their role and mandate and their relationship with the branches of the Women National Committee, which is the national government's mechanism for women.[15]

At the governorate level 2 out of 28 women were DFTs members. These two were involved in the capacity building and worked actively in the process of data collection, planning and budgeting. In general women are absent in the governorate official bodies (EOs, Diwans) or they are there in small numbers and in the lowest positions. For this reason, they are not well represented in the DFTs, because the staff of the DFTs are drawn from the highest ranking officers in the governorates.

Few women CBOs took part in the CTs in the pilot districts that were in charge of developing plans and budgets. Of those who did participate, most lacked the capacities needed for effective participation within the CTs.

In some pilot districts representative from women CBOs do not participate at all. Nevertheless, interviewees in the district sampled for this evaluation said that women's voices have been heard and their concern and needs addressed through the local councillor.

In many districts, women have hardly succeeded in establishing their organizations and where they have, these organisations suffer from a lack of funding, institution and capacity building. Women's mobilization to get support and to advocate for women's interests is restricted by the customs and traditions that dominate in the rural areas.

---

[15] The DLDSP, in its comments on the draft final report states: "Note that at the time of the mission, or shortly after, GD for Women's Development at the Governorate level were established by decree".

8.3 Lessons: Gender

Abandoning women from participation at the policy level lead to gender blind policies and strategies.[16]

Women's involvement in the entire development process should not be seen as a privilege; it should be seen as an absolute necessity.

The lack of priority given to the Women Department in MOLA restricted it from implementing its plans as part of the ministry plan, which is an issue facing all departments in MOLA. The lack of capacity of the Women Department in MOLA limited their role in supporting women's structures in the governorates and thus in improving the status of women at the local level.

Gender should have been highlighted in the Programme Document and should be give high priority in the current and any future work of the DLDSP.[17]

8.4 Recommendations: Gender

1. Gender should be integrated as a cross-cutting issue in all components of the program. In addition the Programme should create a sub-component for gender, in order to highlight the issue and to avoid it being abandoned when tackling the other components.

2. The DLDSP should increase number of qualified women on the program staff, applying the UN affirmative action policy to bridge the gab between men and women in the public sphere.

3. The Programme should incorporate the objectives of the Women Development Strategy (WDS) in the program as the national framework for women development and support the (GWDD) to fulfil its role and mandate as a gender focal point affiliated to the Women National Committee.

4. Support should be given to the introducing gender-sensitive policies across the Ministry, particularly in area of area of human resource management, as set out in the DLDSP's programme for MOLA's institutional development.

5. The DLDSP should include the Women Development Department in MOLA in its activities and target the Women Development Directorates in the governorates offices for institutional development and capacity building activities.

---

[16] It the comments on the draft final report, the DLDSP submitted the following comment on this sentence: "My understanding is that the first draft of the NDS, prepared with DLDSP support, contained a section addressing gender, and the need to promote gender-sensitive local development."

[17] In the comments on the draft final report, the DLDSP submitted the following comment on this sentence: "It is also worth referring to the fact that DLDSP actively encouraged the nomination of qualified women officials in the Ministry to participate in MoLA's Mobile Team. About thirty per cent of team members are female".

6. The Programme should provide more support for women in CBOs at the districts level in term of institutional development and capacity building.

8.5 Results: Awareness campaign

8.5.1 Objective

The main objective of the Programme in this area was to develop and implement an outreach program for informing the staff of central government Ministries about the goals and anticipated outcomes of decentralization and about options for sector decentralization strategies.

8.5.2 Output 1.5 Enhanced awareness and buy-in at the central and local levels and among the public and private sector and civil society the goal of decentralization and it's expected outcomes in the area of economic and social development and poverty alleviation at the local level

8.5.2.1 Achievements

To achieve this objective an international consultant was recruited, who drafted a report on a Public Awareness Campaign, in March 2007. This report suggests a number of activities to build on the work that has already been already done by the DLDSP in the pilot districts, with the aim of enhancing the impact of the program through improving the level of understanding of the decentralization and expected outcomes in terms of local development.

The overall objective of the Public Awareness Campaign as described in the report is to create a strengthened partnership between the local authorities and the public by increasing awareness of citizen rights and responsibilities within the local authority system, and by improving the understanding of the local authority officials of the system and their responsibilities to the public. The reports suggest that the mass media is used to achieve this objective.

Progress was made by identifying focal points from service delivery ministries, namely Education, Health ,Water and Environment, Electricity and Agriculture. These sector ministries were tasked with articulating the sector decentralization reform package and disseminating information on it to their departments to get their support for the decentralization process. In addition, an awareness enhancement program was implemented at the governorates and district levels that targeted local authority structures, including councils, Diwans and EOs.

The training programs conducted in the pilot districts on strategic planning, investment programming and annual budgeting may also be regarded as part of the awareness campaign as these materials were used widely in the pilot districts to create awareness among the staff of the EOs, member of the local councils and amongst community representatives.

As part of the Awareness Campaign, the DLDSP issued 6 newsletters, in English, focussing on its activities. The fact that these were not translated into Arabic restricted their access to donors and a highly educated social elite.[18]

8.5.2.2 Challenges: awareness campaign

The proposal for the public awareness campaign came very late in the Programme, nearly 7 months before the end of Phase 2.

The targeting of the civil society through the CTs in pilot districts limited the scale of impact of the Awareness Campaign.

8.6 Lessons: Awareness campaign

A wide campaign is needed to spread the word about decentralization since the concept is known mainly amongst the educated and should be widely understood by the broad public.

The awareness campaign should make use of the mass media.

The means currently being used by the DLDSP should be improved, for example by translating the newsletters into Arabic and distributing them to all actors at the central and local level.

Awareness materials should be produced and distributed at least in pilot districts.

8.7 Recommendations: Awareness campaign

1. The public awareness campaign should be translated into a program with action plans and allocated sufficient fund to implement this plan.

2. The mass media, in particular radio and TV, should be used to spread the message of the decentralization.

3. Civil Society, including NGOs, CBOs and the private sector, should be targeted as potential strong stakeholders, supporters and advocates for decentralization.

4. Arabic versions of the DLDSP newsletters should be produced and distributed widely, especially amongst decision makers in order to increase their awareness of decentralisation and encourage them to take decisions favourable to its promotion.

---

[18] Responding to the draft of this report, the DLDSP submitted the following comment: "The latest issues of the newsletter were translated into Arabic".

9. Policy and Strategy

9.1 Objective

The Substantive Revision set out the "Formulation of a strategic framework for the implementation of decentralisation reforms" as its second main objective. This work was to include formulation of a vision to guide implementation, a strategy and agenda for implementation, definition of the strategic roles of different governmental and other stakeholders and the alignment/coordination of major national programs which finance local development. One task of this chapter is therefore to assess the degree to which this objective was reached by the Programme. In addition, this section will assess the implications of the shift in approach from the Programme Document to the Substantive Revision in terms of its impact on programme performance and as a model that might be used in other countries.

9.2 Results

9.2.1 Ouput 1.1 A national strategy and an implementation plan for decentralization and local governance is in place and activated:

9.2.1.1 Achievements

The mission's main finding on policy and strategy is that the DLDSP made major strides in developing the outlines of a draft National Decentralisation Strategy (NDS) and Programme (NDP), but that, despite its impressive work in this area, the draft NDS is not sufficiently widely known, and, where known, is not necessarily well understood, even amongst key decentralisation stakeholders. Furthermore, the team found that the DLDSP had to some degree lost the initiative to other actors in this area of its work by the time of the mission.

Following the Substantive Revision of the Programme Document, the work of the DLDSP went through two phases, the first from 2003 to 2005, when the main focus was on activating the Technical Secretariat within MOLA, activating the DFTs and activating the districts to develop plans and the capacity to perform PEM. With respect to policy formulation, this first phase was one of preparation. Research was undertaken on decentralisation policy and the experience gained from the pilots informed the DLDSP's thinking about the practical challenges that a national decentralisation strategy would have to tackle. Phase 2, from 2005 to 2007, saw the DLDSP focus squarely on policy and strategy work, while continuing with the piloting work in the governorates and districts and using experience there to inform the evolving NDS framework. The main product of this work was the National Decentralisation Strategy (NDS.

The First Draft of the NDS[19] was the product of a collaborative effort led by DLDSP and the Advisory Committee of MOLA, the staff of MOLA and the Education, Health, Agriculture, Public Works and Electricity ministries.

---

[19] The focus of this analysis is on the First Draft Decentralisation Strategy, English Translation, n.d. From the "tracking" function, it appears that it was first produced on the 24th May, 2006 and

The report begins by setting out the challenge facing decentralization in Yemen. It argues that what is needed over and above the current legal and regulatory system supporting decentralization is a comprehensive, integrated and concerted strategy to be applied over a ten year period ending in 2015, with specific implementation steps. The document recognizes the importance of sustained political support at the highest level for a reform programme of this complexity and duration.[20]

The NDS analyses the current and future possible situations against four main dimensions:

- tasks and functions
- organisational structure
- finance and financial administrative system and
- local authority capacities.

Using an analysis of the gap between the current situation and the vision for decentralization the report identifies constraints to decentralization reforms and then formulates the actions needed to remove these constraints which, taken together, constitute the decentralization strategy.

This four-dimension analysis is undertaken not only for the local authorities, but for all national actors involved in decentralization, including the districts, the governorates, the primary ministries (Local Administration, Planning and International Cooperation, Finance, Civil Service), the sector ministries (Education, Health and Agriculture), the national authorities (Water and Electricity) and the delivery agencies (Social Fund for Development and Public Works Programme). A similar analysis is made of current and potential future donor support for local development.

This is the basic logic of the decentralization strategy set out in the document. It mirrors the logic of the DLDSP itself, namely the focus on building effective local administration through increased transparency and widened participation involving both communities and the business sector, as the means to bring about local development in the form of improved social infrastructure and services, better performing local economies generating more jobs, household incomes and local revenues and better managed and preserved environments, with the overall goal of reducing poverty.

They also make recommendations for an implementation structure for the NDP. This is well illustrated in a set of slides that accompany the NDS. The Inter-Ministerial Committee would monitor and enforce implementation of the reforms by all the involved ministries, national authorities and local authorities. The Inter-Ministerial Committee would receive technical guidance from the Decentralization Policy and Coordination Unit (DPCU), channeled through its Technical Committee (TC). The DPCU will be created as the policy guidance component of a transformed DLDSP, linked to the Inter-Ministerial

---

then amended on the 5th November 2007. The team is also in possession of a another, undated, document entitled Draft National Strategy for Enhancing the Decentralization System, but since this document is not as fully developed reference here is made only to the first-mentioned document. A third draft was made available to the team leader after the mission, but the quality of translation is poor, so the focus in the analysis here is on the first draft.
[20] First Draft Decentralisation Strategy, pp. 1-3.

Committee and positioned at the office of the Prime Minister or the Office of the President. The Decentralisation Local Development Programme (DLDP) would be the technical support component of a transformed DLDSP providing technical guidance to the DPCU and supporting MOLA in the implementation of its sub-program. Each primary and sector ministry would be delegated the role of implementing its decentralization sub-program under the supervision of the Inter-Ministerial Committee and the guidance of the Technical Committee, with support from the DPCU and the DLDP & MOLA.

MOLA would guide and support the implementation of its own sub-program which would comprise its institutional restructuring and capacity development. MOLA would also support the implementation of the Governorate & District Local Authority Sub-Programs (GLASP & DLASP). The last three slides set out the framework for policy and regulatory reform, for functional assignment and institutional restructuring and capacity development.

9.2.2 Output 1.3 The coordinated implementation of sector decentralization and its integration into the local authority structure

9.2.2.1 Achievements

The DLDSP put a great deal of energy into the groundwork for a process of sector decentralization. It will be recalled from Section 4.2 above on the status of decentralization that contradictions between the LAL and laws governing the operation of the primary and sector ministries created overlap and duplication of functions and institutional structures at the governorate and district local authority level, and that this was a major brake on decentralization efforts at this level. The DLDSP sought to tackle this problem by setting up focal points with the ministries involved, namely people from the ministries and authorities identified as the key points of contact for the DLDSP for discussions and the testing of ideas about decentralization. It worked intensively with these focal points to formulate mandates and functions for the ministries that would be consistent with fiscal and sector decentralization.

The scope of the DLDSP's work in this area is well illustrated by a set of PowerPoint slides and matrices. These two sets of materials represent major achievement in themselves. They provide an accessible, visual illustration in summary form of the work of the DLDSP, the current situation of all the key institutions involved in decentralization and how this would change with the realization of a future vision of decentralisation. Figure 1 below reproduces just one of the slides, for purposes of illustration.

This slide illustrates the decentralization process from the perspective of the work of the DLDSP, nationally and in the pilot areas. The left hand column shows the main activities of the DLDSP. The second column shows the local government system, beginning with MOLA at the top and then progressing down to the governorates and districts. The third main column represents the primary ministries, sector ministries and national authorities. The top row in yellow represents the defined mandates and realigned functional assignments of these national institutions, the second row represents reconfigured institutional structures and the third represents enhanced PEM and administrative capacity. Below these rows lie resource allocation, service delivery and local development. Finally, the last row illustrates the beneficiary community.
From the slide, the magnitude of the work of the DLDSP may be appreciated. It highlights those areas of work in a major part of the Programme's energies were

expended during the second phase, between 2005 and 2007, namely on policy, institutional development and capacity building.

Chart 7. DLDSP Support Programme 2005-2007
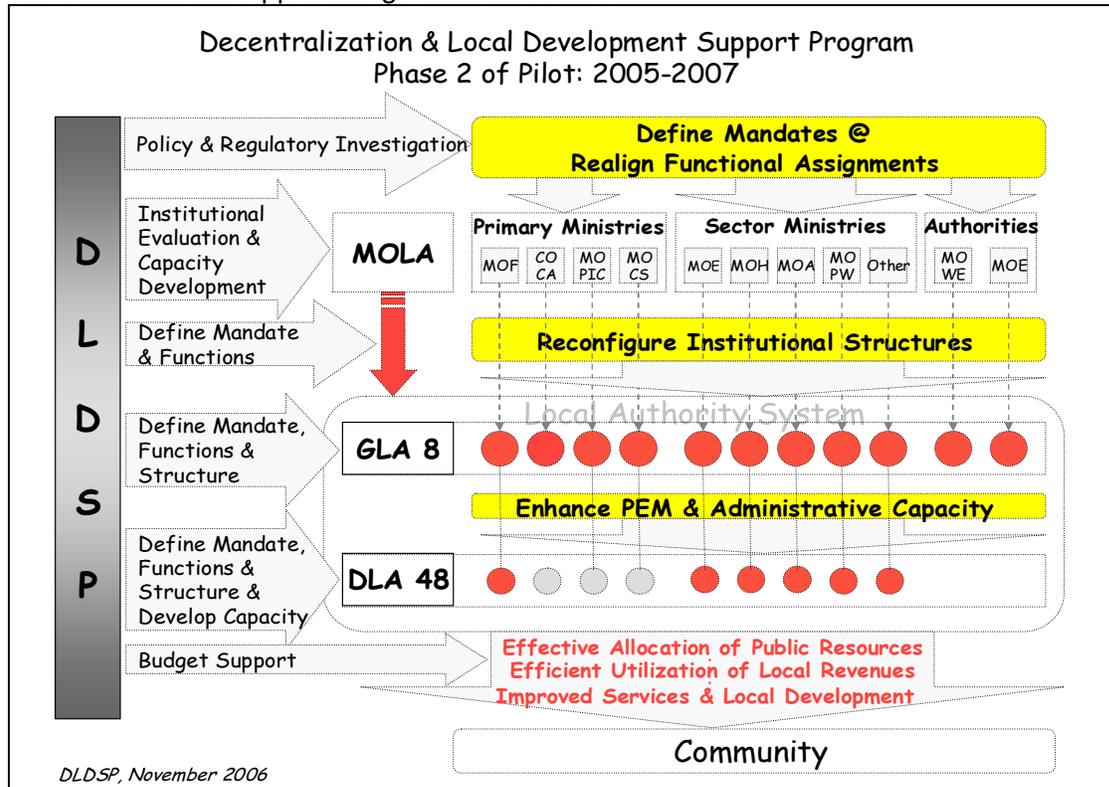
Taken as a whole, the slides and matrices identify five areas of focus for a national decentralization strategy:

- mandates
- functions
- structures
- capacities and
- finances.

Infrastructure and services are approached through the category budget support, rather than in and of themselves, while the community does not receive attention as a distinct focus. However, it should be noted that the DLDSP is currently working on building Local Councilors capacities to approach and communicate with communities in order to activate the top-down function of the local councilor within the local-government system. These efforts should be connected with the efforts of other organizations at the community level, such as the SFD, to mobilize communities using a bottom-up approach.

The slides summarize the DLDSP's main recommendations in terms of these five dimensions for the primary and sector industries and other authorities involved in

decentralization.[21] Detailed illustrations of functions of national and local institutions under devolution are given for the health sector, the electricity authority and for water resource governance. The slides also illustrate the structure of the reformed governorates and districts and how these relate to de-concentrated and devolved organs of COCA, the Ministry of Finance and the Electricity and Water Authorities. These are provisional designs based on discussions between the DLDSP and the institutions involved, through the focal points.

The team's assessment is that this work, the draft NDS and the slides taken together, represent a very major achievement of the DLDSP. They represent the substantial realization of the aim of formulating "a strategic framework for the implementation of decentralisation reforms" set out in the Substantive Revision of the Programme Document. They provide what is, in effect, an innovative model for decentralisation policy that has the potential to be applied not only in Yemen but wherever the UNCDF seeks to move from the stage of piloting its LDPs within selected pilot areas to policy development and national roll-out of these programmes.

Turning to the wider issue of the shift in approach between the Programme Document and the Substantive Revision, the main findings of the ET are that this shift in programme strategy had both positive and negative effects. A major positive outcome of the shift was that it enabled the team to draw rapidly and effectively on experience gathered in the pilot areas to inform national policy and strategy development. This is a major advance over the more traditional approach to the LDP in which piloting is undertaken for a number of years prior to the results of that experience being drawn into national policy debates, especially where, as is often the case, programme energy and resources go mainly into the pilots with little capacity being devoted to the very major task of national policy and institutional change.

The casualties of this shift in approach were experimentation with infrastructure and service delivery modalities and community participation in development decision taking. The chapter on Planning, Infrastructure and Service delivery shows that the Programme had not substantially completed the implementation cycle at this level. In making this assessment, the ET wishes to underline the fact that this does not reflect poor performance on the part of the MT responsible for this work, particularly since the MT's resources were stretched by a further strategic Programme decision, namely to up-scale the activities of the Programme geographically. Rather, the point being made here is that this result was a consequence of the strategic shift in Programme approach taken by the DLDSP as a result of the re-prioritisation of objectives made in the Substantive Revision. The point being made here is not that this Programme strategy shift was mistaken, but rather that it had consequences for the way in which resources were used and time spent, and this shows most seriously in the failure to complete the full cycle of model testing in the pilot areas, namely in the areas of infrastructure and service delivery. The DLDSP's energy went into activating the districts to perform planning and public expenditure management more effectively and this is where its main successes lie, which has weakened the DLDSP in its dealings with delivery-focussed organisations such as the SFD and the PWP. Testing participatory models of local planning, infrastructure and service delivery more vigorously in the early stages of the programme

---

[21] These summary recommendations are underpinned by a more detailed description of these dimensions for the governorates and districts in a set of matrices. The relevant documents are entitled GLA Matrix and Strategy 8-29 NYC.

would have strengthened the Programme in this critical area, and enabled it to demonstrate the links between institutional development and capacity building on the one hand, service delivery and poverty reduction. Suggestions as to how this policy dilemma can be addressed in the future, in Yemen and elsewhere, are made in the section below on lessons and recommendations.

9.2.2 Challenges

The very substantial policy and strategy work done by the DLDSP between 2005 and 2007 had not come to full fruition by the time of the mission. Part of the reason for this was that the CTA left the Programme prior to full completion of this work, in October 2007, leaving the work just short of full completion.

Another important reason for the policy and strategy work not coming to full completion was the lack of a sense of full ownership of this work by MOLA. This is despite the fact that the first draft of the NDS was the product of a collaborative effort led by DLDSP and the Advisory Committee of MOLA, the staff of MOLA and other members from main and sector ministries. MOLA's great appreciation for the work of the DLDSP, and simultaneous feeling of a lack of sufficient involvement in and ownership of the Programme, was made clear to the ET during the interviews with MOLA staff, including with the Minister himself. Major efforts to strengthen the capacity of MOLA to take over, progressively, the work of the DLDSP came late in the life of the Programme, notably in the form of an institutional development plan for the Ministry. This very substantial plan is discussed above in Section 5 of the evaluation report. Suffice it to say here that negotiations between the DLDSP and MOLA over this plan had come close to settlement at the time of the mission, but a number of points about the reconfiguration of departments remained to be agreed upon.

The intervention of the President in September 2007 and the response it evoked by MOLA and other actors is another important factor. The President's vision of a new phase of decentralisation that goes beyond what he calls "decentralised administration" to "decentralised governance" presents a potential challenge for the work of the DLDSP. At the time of the evaluation mission, MOLA was in the process of organising a conference on ways to concretely materialise the President's vision, drawing on experience within Yemen and internationally. It was noticeable to the ET that the DLDSP was not party to this organisational initiative, notwithstanding the accumulated experience it had to offer in responding to this challenge. At the same time, the ET appreciated the significance for the future of MOLA taking up this initiative and playing the lead role in driving it forward. The ET interpreted this as a very positive sign in that it signalled the Ministry's determination to grasp the initiative and play what is its constitutional role, namely that of coordinating and facilitating decentralisation in Yemen. The ET concluded that this was a propitious moment for the DLDSP to re-engage with MOLA on a new footing that would acknowledge MOLA's lead role in the partnership. The fact that the DLDSP was formulated precisely as a decentralised governance (rather than a de-concentrated administration) support programme places it in a very strong position to play a support role in this changing national context.

Finally, it was made known to the team that a number of key national decentralisation stakeholders were not sufficiently familiar with, or had not fully come to terms with, the framework set out in the draft NDS. Those actors who had been involved in intense discussions with the DLDSP over the NDS, notably the focal points from the ministries,

were most clearly au fait with its contents. Others who had had more cursory interactions with the DLDSP were not aware of the depth, scope and even the direction of the work and, indeed, appeals were made to the ET for training on this subject. It was also reported to the ET by some actors who had been exposed to the DLDSP slides that they found them difficult to understand and fully absorb and integrate into their own framework of understanding of decentralisation.

Thus, the team concluded that two important challenges remain on the policy and strategy work: 1) to complete the work on the NDS, taking into account the President's vision and the Local Authorities Conference organised by MOLA in December, 2) simplifying and disseminating more widely the NDS itself, including providing focussed training and discussion on the framework with key national actors in government.

9.2.3 Ouput 1.4 Coordinated donor support to the implementation of decentralization reforms and the strengthening of local authorities

9.2.3.1 Achievements

As highlighted in Sections 5, 6 and 7 of this report, on Institutions and Capacity Building, Fiscal Decentralisation and Planning, Infrastructure and Services, another major success of the DLDSP was in the piloting of institutional development and capacity building in the district authorities. This enabled it to persuade other donors to fund the up-scaling of the programme to more governorates and districts. It enabled the UNDP/UNCDF to play a pivotal role in the harmonisation of local development initiatives, an important objective of development support in the post-Paris Declaration period. Early up-scaling of this kind helps overcome the spatial and methodological fragmentation that characterises donor-supported local development initiatives in many countries.

9.2.3.2 Challenges

At the same time, donor coordination and the up-scaling of programme activities put enormous pressure on the DLDSP, notably its Mobile Team, by greatly expanding the scope of its work at a time that it had not fully completed its piloting work, notably in the areas of infrastructure, service delivery and community involvement in development planning, implementation, monitoring and evaluation.

A challenge for the Programme is to make a clear distinction between piloting and up-scaling activities. The objectives of piloting are to test models and extract learning from them for national policy and strategy development and to provide a basis for up-scaling of these activities across a wider geographical field. DLDSP team members argued that the aim in this area of infrastructure and service delivery was not to pilot this work in-house but rather to form partnerships with other organisations more specialised in these areas and to work with them. It may equally be argued that completing piloting of infrastructure and service delivery earlier in the Programme's life cycle, in the original pilot governorates and districts, would have strengthened the DLDSP, notably in its negotiations with service delivery-focussed agencies such as the SFD and the PWP. These alternatives would be worth testing out in the next phase of the DLDSP and/or in other countries with LDPs.

9.3 Critical factors affecting results achievement

The main critical factors affecting the achievement of the policy and strategy results area are the loss of the CTA near the end of the second phase of the Programme, insufficient in-house capacity on the part of MOLA to take over ownership of the NDS[22] and the challenge presented to the NDS by the President's vision of decentralised governance, which required a review and amendment of the NDS just at the moment when the main driver of policy and strategy work within the DLDSP left the organisation.[23]

9.4 Sustainability

The sustainability of policy development depends critically on the existence of political will at the highest levels, the capacities of policy advisors inside and outside government, the capacity and championship of the oversight and the implementation agencies of a programme and the capacity and willingness of government ministries involved to move forward with decentralisation reforms.

The President of Yemen has demonstrated clear commitment to a far reaching set of reforms leading to "decentralised governance" and, while he remains in office, this is an exceptional opportunity for those seeking to sustain decentralisation reforms in Yemen.

With the loss of the Chief Technical Advisor within the DLDSP responsible for policy development, much will depend on the capacity of his replacement to continue this work. Delays in the appointment hold the danger of undermining the excellent foundations laid by the Programme.

A critical factor in determining whether decentralisation reforms are carried forward will be the leadership and drive of the Inter-Ministerial Committee charged with this function and the quality of support given to it by the proposed DPCU.

The successful implementation of the institutional development and capacity building plan for MOLA will play an important role in determining the longer term sustainability of policy development within the ministry.

9.5 Lessons

1. The main lesson from the DLDSP's policy and strategy work is that it is, indeed, possible to effectively combine policy and strategy work with the piloting of decentralisation at an early stage, and that policy work can be greatly enriched by the learning experiences gathered from the pilots at this early stage.

2. Another is that the UNDP/UNCDF can play a pivotal role in realising donor harmonisation in the area of local development, but this means that they need to take an early lead in this area of development support and that they have the capacity to coordinate donor support effectively.

3. It is important to ensure that not only institutional development and capacity building of local government is piloted in the first stage of a programme, but that this is paralleled

---

[22] In commenting on the draft report, the DLDSP made the point that the new team in MOLA was in place from December 2007.
[23] According to the DLDSP's comments on the draft report, the NDS is currently (June 2008) UNDER REVISION BY A joint team including the DLDSP.

by support for the piloting of modalities that address participatory planning, infrastructure and service delivery. Demonstrating the link between capacity building, service delivery and poverty reduction should remain at the forefront of a programme's efforts. Without this, there is a danger that capacity building assists government officials without this necessarily translating into improved services that address the needs of the poor.

4. It is important for a programme team to establish and maintain strong working relationships with its government partner and establishing a clear process and sequence for institutional development, capacity building and the hand over of programme activities to this partner at the outset is one way of doing this, and continuing close contact and constant reappraisal of mutual capacities and roles is another.

5 To do all of the above requires a sufficiently well resourced and staffed programme team, effective, creative and dynamic team leadership and a sound relationship between the UNCDF and UNCDF and between the team and its government partners. Without sufficient resources, up-scaling from incomplete piloting experiences, notably in the areas of planning, infrastructure and service delivery, can leave a programme team vulnerable to exhaustion and possible take over from delivery-focussed organisations that are not fully conversant with the LDP approach or the importance of building institutions and capacities at the level of local government

9.6 Recommendations

At the time of the mission, the DLDSP was in an interregnum and facing new challenges and opportunities that made it difficult to bring to fruition its work, notably in the policy and strategy context. Recognising the importance of rapid action at the time, the ET met with the DLDSP and UNDP to suggest a number of immediate steps to address the most urgent of these challenges and opportunities, for example support to MOLA in its preparations for the Local Authorities Conference in Aden in December 2007. The time has now passed for some of these actions so that only those recommendations that remain relevant (early February 2008) are listed below.

1. Appointment of the new CTA is an urgent step, already in motion at the time of the mission, but not finalised at the time of completion of this draft report. It is important that MOLA be kept closely informed of this process.

2. The DLDSP should give high priority to completing the work with the focal points in the ministries and other national authorities and draw this into a revised NDS and NDP, incorporating the work that MOLA has undertook at its conference in December 2008.

3.The DLDSP should formulate and implement a plan for the simplification and dissemination of an amended (in the light of discussions on the President's vision) NDS, starting with the key national actors in the President's Office, in the Inter-Ministerial Committee driving decentralisation and moving to the ministries and other national and local institutions involved. This strategy should provide the ground-work for a national campaign to publicise and promote decentralisation.

4. Once the new CTA has been appointed, the DLDSP should enter into discussions with MOLA, through the Inter-Ministerial Committee, over the plan and time frame for the restructuring of the DLDSP set out in the National Decentralisation Strategy (the splitting

of the DLDSP into Decentralization Policy and Coordination Unit (DPCU) and the Decentralisation Local Development Programme (DLDP).

5. The institutional development and capacity building plan for MOLA should be ratified and vigorously implemented in accordance with a plan and time frame drawn up and agreed to between the DLDSP and MOLA for the gradual handing over of responsibilities for Programme implementation over the remainder of its life, connected with the restructuring of the DLDSP envisaged in recommendation 4 above.

6. The DLDSP should increase the involvement of the MOLA officials in the current piloting work with a view to gradually handing over responsibility for the up-scaling of the district and governorate reforms as MOLA gains the capacity to do this, in terms of the hand over plan suggested in point 5 above.

7. On the basis of the revised National Decentralisation Strategy and Programme and hand over plan, the DLDSP should mobilise support from donor for the planned up-scaling of Programme implementation across governorates and districts in a manner that supports the NDS and NDP.

10. Overall findings, lessons and recommendations

10.1 Overall findings

Returning to the core question posed in Section 2.2, the overall findings of the evaluation mission may be summarised as follows:

The team found that the work of the DLDSP has:

- Very substantially strengthened good local governance through its efforts to activate the district authorities around public expenditure management, and that this needs to be deepened through increased direct community involvement in decisions around infrastructure and service delivery.
- Very effectively built institutional capacity within the districts for budgeting and planning, and that further work is needed to demonstrate conclusively that this translates into more efficient and effective service delivery that is relevant to poor communities, most notably in the spheres of economic and environmental improvement, and also within the area of service delivery.
- Very substantially supported national decentralisation policy & strategy formulation and now needs to complete this work, align it to the President's vision and make it known and understood amongst key decentralization actors and the public across Yemen.
- Demonstrated that its approach to decentralized social service delivery can meet the needs of poor communities at lower cost than centralized delivery, but has yet to demonstrate this in the case of economic and environmental projects and
- Not yet demonstrated conclusively that it can produce services at lower cost than other approaches such as those pursued by the SFD and PWP, but has shown that it is able to produce them at comparable costs, and that its approach holds the promise of being more sustainable over the longer term that other approaches with the same objectives.

10.2 Programme level lessons

1. The DLDSP has demonstrated the feasibility and desirability of combining piloting with national policy and strategy work from an early stage of a LDP's implementation. The advantage is that the lessons drawn from local piloting can be drawn directly into policy and strategy formulation as they emerge rather than coming three to five years later, which has tended to be the case with many other LDPs. To apply this approach effectively requires a substantial and well capacitated team if aspects of the piloting work are not to suffer, as has been the case with the infrastructure and service delivery dimensions of the programme in Yemen.

3. The experience of the DLDSP shows how it is possible to combine a DEX modality with a substantial element of NEX, in the form of the DFTs and CTs, made up of governorate and district staff respectively, who act as agents of change within government structures themselves, and that it is important to involve the leadership of

the government structures fully in the selection of these agents of change, while ensuring that the selection process is not impaired by patronage.[24]

4. The inappropriately named "shadow team" represents an attempt to apply the same idea, namely mobilisation of change agents within government, to MOLA, but the lesson in this case is that capacity building within a programme's partner ministry needs to begin early, so that the ministry becomes an active partner and takes ownership of the piloting and policy development work progressively from an earlier stage of the programme.

5. The UNDP/UNCDF can play a pivotal role in donor coordination, within and outside the UN Family, and this can help overcome the widespread problem of duplication, fragmentation and geographical unevenness of local development that characterises many developing countries. To achieve this requires a well capacitated, dynamic team, deeply embedded within government, with strong support from the UNDP and the resources to sustain its work over a sufficiently long period.

6. The UNDP/UNCDF should ensure that new leadership comes into office at the time of the decommissioning of existing leadership, rather than allowing a long interregnum, which creates uncertainty and a loss of momentum that can destabilise a programme's work.

10.3 Partner specific lessons

1. The existence of a strong, mutually supportive, relationship between the UNDP and UNCDF, based on a division of labour in which the UNCDF manages and disburse funding for all capital investment and international technical advisory support, while UNDP manages and disburses are funding for national capacity building and certain policy related advisory activities is important to the durability and success of a programme.[25] In Yemen, the UNDP went to some degree beyond these roles as stipulated in the Guidance Note, in that it helped secure the positioning of the programme within national government, being able to connect at a higher level politically than DLDSP staff when this was needed. While this basic division of labour in Yemen was appropriate, there remain a number of operational areas in the relationship between the two organisations that need further clarification.[26]

2. The programme team put in place by the UNCDF, supported by the UNDP, can play an important role in coordinating the local development activities of other agencies within

---

[24] In its comments on the draft final report, the DLDSP questioned whether a NEX element exists in the programme. The element of national execution being referred to in this paragraph is the involvement of the DFTs and CTs in the work of the DLDSP in the districts. These teams are made up of staff selected from the governorates and districts to undertake the work of activation initiated by the DLDSP. It is in this sense that an important element of national execution has grown out of the programme.

[25] These roles are set out in the UNCDF/UNDP, Guidance Note, 2007, p. 3.

[26] In its comment on this section of the draft report, the DLDSP indicated that it remains a challenge to ensure that that operational policies and procedures contribute to DLDSP's ability to deliver effectively and that, importantly, consideration should be given to setting of Daily Sustenance Allowance (DSA) rates closer to actual costs in the field. This is important because the field work constitutes a substantive component of the programme.

the wider UN family, an example of which is the work of UNICEF, an agency now working with the DLDSP to pilot service delivery through the local authorities.

3. With respect to the DLDSP's partnership with government, the main lesson is that it is critical to ensure a strong sense of ownership by government, notably the main implementing partner, early in the process and to establish clear milestones for the transfer of programme activities to the government partner, linked to indicators of increased capacity in government to take over the programme implementation.

4. Equally, a Programme team requires the support of a higher level authority within government than a ministry to ensure that other ministries, notably those responsible for finance and the delivery of services, cooperate.

10.4 Factors affecting successful achievement of results

1. Having a substantial, capacitated, well motivated and well equipped team led by a capable, strongly motivated and innovative leader are the key factors determining the success of the DLDSP from within the programme.

2. A supportive relationship between the UNDP and the Programme team, based on a clear division of labour between the two is important to the success of the programme, notably in terms of its positioning within government and in terms of mobilisation of bi-lateral donor support.

3. The willingness of a number of major donors to support the DLDSP is another critical factor that has affected the success of its achievement of results.

4. There are a number of other important national actors pursuing local development through parallel processes and structures', notably the SFD and the PWP. Their involvement in the Programme has been essential to its up-scaling.

5. Having a strongly supportive national political leadership, the President in the case of Yemen, and a conducive legal framework, in the form of the Local Administration Law, and good working relationships with the ministries involved are important external factors affecting the successful achievement of results.

6. Decentralisation programmes are complex and meet with obstacles from vested interests in some quarters of government. Having the long term commitment of national political leaders and major donors is important to achievement of success.

10.5 Sustainability of results

The DLDSP has demonstrated the feasibility of its decentralisation model, as represented in the pilot governorates and districts. Sustaining the DLDSP's initiative and turning it into a national-wide decentralisation programme that becomes thoroughly embedded within the structures and practices of government is going to require considerable commitment by the main actors over a good number of years.

The President's of Yemen's vision of a decentralised governance system augurs well for the sustainability of the DLDSP's work, but it is now critical for the project to respond to this call, in partnership with MOLA.

Building the capacity of MOLA to take over its role of decentralisation is perhaps the most critical next challenge for the DLDSP, without which the sustainability of the initiative and hence of decentralisation in the country could be placed in jeopardy.

From the side of the UNDP and UNCDF this will require support for the continuation of the work of the DLDSP for at least the next few years, with the quality of leadership that has been present within these organisations up to this point. From the side of the donor community, this will require widened coordination and the pooling of local development support efforts through the donor coordination structures established by the DLDSP.

Especially important will be to ensure that the SFD and the PWP not only continue to support the work of the DLDSP but that they take the decision to channel their funding and efforts on a progressively increasing scale through the LADF as the main vehicle for local development.

10.6 Strategic partnerships and positioning

At the time of the mission it was clear that the DLDSP has to some degree lost the initiative in terms of its policy and strategy work. There is a need for the DLDSP to re-position itself in relation to the President of Yemen's vision for decentralised governance. This means making clear how its considerable stock of work on policy and strategy relates to the President's central idea of decentralised governance and to ideas that may have emerged from the Local Government Conference hosted by MOLA in December 2007.

The DLDSP has proposed a mutation of the programme into two components, a DPCU and a DLDP. The DPCU would be positioned at the office of the Prime Minister or the Office of the President. Through the Technical Committee, the DPCU would give technical guidance to the Inter-Ministerial Committee, which itself would be responsible for monitoring and enforcing implementation of the reforms by all ministries, national and local authorities. The DLDP would be the technical support component of a transformed DLDSP providing technical guidance to the DPCU and supporting the Ministry of Local Administration to perform its role in the coordination and implementation of the decentralization reforms.

This recommendation makes a good deal of sense and should be pursued. It would ensure both the continued support of the DLDSP (in its incarnation as the DLDP) to MOLA, enabling the Ministry to play its role in the coordination and implementation of decentralization reforms, and (in its incarnation as the DPCU) provide continued technical support to the Inter-Ministerial Committee, a body with sufficient weight to ensure that all ministries and authorities vigorously pursue their decentralization mandates.

10.7 Future UNDP and UNCDF roles

The UNDP currently provides core support to the DLDSP enabling the program to function at the policy, institutional and capacity development levels. The UNDP also supported the program by initiating dialogue with other potential donors including USAID, the Netherlands Embassy and the World Bank. It plays a critical role in the strategic positioning of the DLDSP based on its access to national government at the highest levels. These roles should clearly be rooted in close collaboration with the DLDSP country officers, as is set out in the Guidance Note of the 2nd November 2007, to ensure close alignment between any initiatives taken by the UNDP at government level and the DLDSP's work. The UNDP also can also play an important role in building partnerships between the programme and other UN agencies, again in close collaboration with the DLDSP. This has happened in the case of UNICEF and the should be investigated in relation to others whose work is connected with that of the DLDSP.

UNCDF developed the scope and technical methodologies of the program, was designated as the executing agency for the Programme and provided capital financing to initiate it. UNCDF funds DLDSP access to specialized UNCDF expertise and finances its core technical team and to carry out strategic policy studies in support of strategy formulation. The UNCDF provides strategic technical guidance to the Programme on capacity development at the local level and guidance on policy formulation.

The current division of labour between the UNDP and the UNCDF is appropriate and should be continued, based on an explicit understanding of this division and corresponding allocation of roles.

Essentially, this means that the UNDP should continue to play the role of providing core support to the DLDSP enabling the program to function at the policy, institutional and capacity development levels and supporting the strategic positioning of the DLDSP within the country. Efforts should be made to ensure that operational dimensions run smoothly, notably in terms of the financial arrangements between the organisations. The UNCDF should continue to bring its exclusive UN capital investment mandate, advice on its LDP model and strategic support on the design of the national decentralisation programme. Its main focuses should continue to be on management of the piloting, policy and strategy development and coordination of donor support to local development through its programme.

LIST OF ANNEXES (provided as separate files)

Annex 1. Terms of Reference

Annex 2. Results Framework for the Programme

Annex 3. Workplan and Meetings

Annex 4. Projects Reports for 18 Projects Sites Visited

Annex 5. Attendance Lists

Annex 6. Minutes from National and Global Debriefings

Annex 7. References

Annex 8. Project documents

Annex 9. Interview notes

Annex 10. DLDSP Findings and Reform Recommendations

Annex 11. Organisational Structure of a Governorate and District

Annex 12. Recommendations and Management Response Table

Annex 13. Short statement of main findings and lessons

Annex 14. Financial Tables