

YEMEN ECONOMIC UPDATE

WINTER 2004

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The World Bank Group
Sana'a Office

Social and Economic Development
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<http://www.worldbank.org/ye/>

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I. Macroeconomic Developments and Outlook

Yemen's macroeconomic outcomes show continued weakness. Decelerating GDP growth, widening fiscal deficit, persisting double-digit inflation and narrowing current account surpluses characterize the weaknesses in the Yemeni economy. As highlighted in the last quarterly report, decline in oil production is proving to be an important turning point in Yemen's economic development. Declining oil revenues tend to keep the fiscal deficit ratio stubbornly near 6 percent of GDP. Inflation has persisted near 12 percent annual rate in the last two years and the inevitable revisions to petroleum prices and introduction of general sales tax would call for tighter monetary management to contain inflation in 2005. The buffer of foreign exchange reserves that the government has built to US \$ 5 billion from high oil prices by end 2004, could only provide a temporary cushion against erosion of current account balance.

Proposals in Budget 2005 provide hope for resumption of reforms. The budget for 2005, approved in January 2005, provides for a much awaited package of measures in civil service, fiscal and trade policies. It is creditable that the government managed to get the budget approved by the parliament despite protests from both the ruling and opposition party parliamentarian about the proposal to remove petroleum product subsidies. However, the implementation of the budget proposals will challenge the government through 2005.



The challenge of medium-term growth remains. Though the fiscal reforms in budget proposal for 2005 are badly needed, these will not be enough to face up to the medium-term challenge of growth. The decline in oil is a very big challenge facing the Yemeni economy. By most counts, removing petroleum subsidies and introducing General Sales Tax would yet leave a large fiscal and balance of payments gap un-bridged. This would call for more determined efforts to identify and sequence reforms in the areas of governance and investment climate to reap the potential for growth in sectors such as fisheries, tourism and possibly gas exports.

Yemen's macroeconomic outcomes show weakness. Decelerating GDP growth, widening fiscal deficit, persisting double-digit inflation and rapidly dwindling current account surpluses characterize the weaknesses in the Yemeni economy.

Growth Continues to Decelerate Yemen's economic growth has been decelerating from 2001 (Table 1), a year after oil production started leveling off. The outlook for the current year (2005) continues to be weighed down by declining oil production. The deceleration in growth is mainly because of rapidly falling oil-sector growth accompanied by the failure to establish a broad-based growth in non-oil sectors.

Table 1: GDP Growth, 2001-2004

	2001	2002	2003 (est)	2004 (proj)
GDP Growth	4.6	3.9	3.1	2.7
Oil	1.3	0.4	-1.8	-5.9
Non-Oil	5.2	4.6	4.0	4.1
<i>Memo Items</i>				
Per-capita GDP growth	1.5	0.8	0.0	-0.4
Crude oil production (1,000 barrels/day)	434.3	432.9	425.2	400.0

Source: Staff Estimates based on World Bank and IMF sources.

The widening fiscal deficit is worrisome. Initial analysis of budget indicates that overall budget deficit in 2005 could stay at 3.1 percent of GDP reached in 2004. This, however, masks considerable expenditure restraint (6 percent of GDP) envisaged by cutting on subsidies and development expenditure as shown in Table 2. On the revenue side, the government has to cope with a moderation in oil price (US \$ 30 /bbl assumed for 2005) and about 7 percent decline in oil production. However, the implementation details of the budget are unknown at this stage. The removal of petroleum subsidies in the budget has been conditioned on several other measures (Box 1) which could prove to be contentious.

Table 2: Central Government Finance 2002-05

	2002	2003	2004 (Proj)	2005 (budget)
Overall Fiscal Balance (commitment basis)	-1.2	-5.2	-5.8	-3.1
Total Revenues and Grants	33.6	33.1	35	28.3
Oil and gas revenues	22.3	23.6	25.2	18.4
<i>Tax Revenues</i>	7.5	7.1	7.5	7.2
Direct Taxes	3.2	3.4	3.1	3.2
Indirect Taxes	4.2	3.8	4.4	4
Grants	1.6	0.4	0.2	0.7
Total Expenditure and net lending	34.8	38.2	40.8	31.3
<i>Current Expenditure</i>	27.7	28.6	29.9	23.3
Transfers and Subsidies	7.2	8.7	10.2	5.6
Wages and Salaries (civilian)	7.7	7	7.2	7.2
Goods and Services	2.6	2.5	2.7	3.2
Interest Obligations	2	1.9	2.2	2
<i>Development Capital Expenditure</i>	7.1	9.7	9.6	7.3

Source: World Bank and IMF estimates.

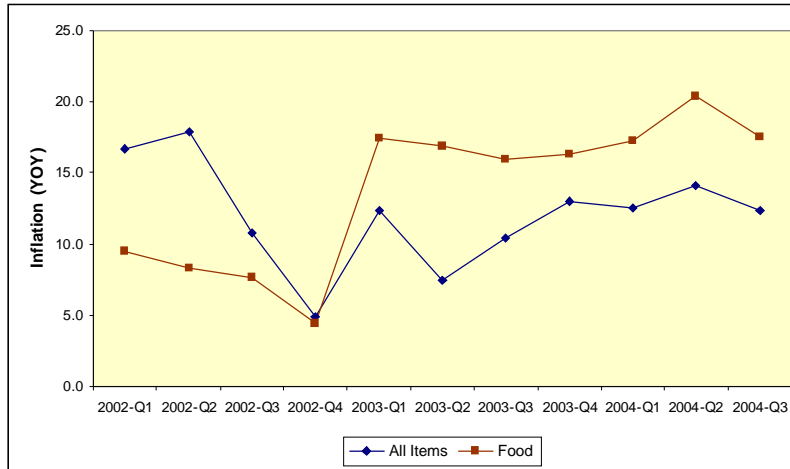
Box 1. Uncertainties in Yemen's Central Government Budget 2005

Budget conditionally approved with a small majority. The Yemeni Parliament has approved the 2005 state budget on the 5th of January, 2005 with a small margin of 10 votes over the required majority after an extended discussion about removing subsidies on petroleum products. Parliament's approval of the energy price reform was subject to the submission to parliament of several new draft laws and amendments: new customs law (with big tariff reduction); a general sales tax (GST) act; a new borrowing strategy act; an amendment to the fiscal law; an amendment to the procurement law; and an amendment to the local administration law. In addition, the government was required to submit to parliament a national strategy on wages and salaries (unifying civilians and military employees in one database and improving scales of wages and salaries), subsidize inputs to fishermen, and allocate more resources to the social safety net. Full details of the content of all the provisions of these laws and additional spending plans are not known at this stage.

Inflation persists in double digits. In the last two years, inflation, as measured by consumer price index, has averaged at 12 percent annual rate (Figure 2). About two-thirds of the total inflation in the last 12 months can be attributed to the strong rise in food prices of about 13%. Though the world food grain prices have hardened by 12%, domestic factors are also a significant part of the explanation. These include poor

agricultural crop, speculative behavior by traders and insufficiently flexible monetary policy. With inflation rates as high as this and stable exchange rate against the US dollar at about YR185, Yemen's competitiveness in the export markets is beginning to suffer. The impact of high food prices on the poor could also be severe given that the social welfare fund transfers are too small in relation to the food poverty line.

Figure 2: Inflation in Consumer Prices, 2001-04

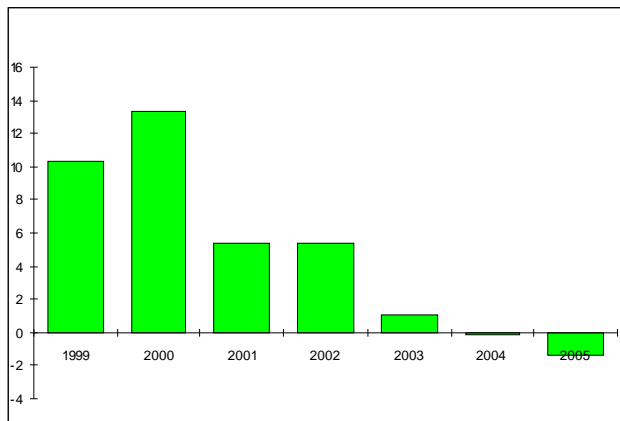


Source: Central Statistical Office, Yemen

Note: Food refers to food and non-alcoholic beverages excluding qat.

External current account switches to deficit. Yemen's current account balance has been in surplus since 1999 because of buoyant oil revenues. After narrowing sharply in 2003 to 1.1 percent of GDP, the indications are that the current account turned into small deficit (-0.1% of GDP) in 2004 and would stay as deficit in the year to come (Figure 3) because of falling oil production.

Figure 3: Current Account Balance as a ratio of GDP (percent)



Income account deficit is likely to be enlarged by 23% and cross the one billion US dollar mark in 2004, as oil companies remitted higher profits abroad. International reserves of Yemen continue to increase albeit at a slower pace than in the past. In 2004, international reserves of the central bank are projected to be close to the US \$ 5 billion equivalent to about 16 months of imports.

III. New & Noteworthy

Laws, Decrees and Agreements (October-December):

- On October 18, the President issued Decree No. 23/2004 approving loan agreement between Yemen and Italy for funding Ship Traffic Services;
- On October 20, the President issued Decree No. 24/2004 approving oil production sharing agreement in block 1 in Shabwa between the Ministry of Oil and Minerals, General Corporation for Oil and Gas and Giankso Company for Oil Exploration;
- On October 20, the President issued Decree No. 25/2004 approving an agreement between Yemen and China for financing tarmac roads in Sana'a;
- On October 20, the President issued Decree No. 26/2004 approving Yemen's membership in the International Convention on Seafarers' Training, Certification and Watch Keeping (STCW);
- On October 20, Republican Decree No. 159/2004 was issued regarding establishment of Anti-terrorism and public crime department.
- On October 19, The cabinet approved the draft state budget for FY 2005 which forecasted revenues of about YR 791.1 billion compared to YR 681.1 billion in 2004 registering an increase of 11.48%, and expenditures estimated at YR 836.4 billion compared to YR 744.6 in 2004, registering an increase of 12.33% and budget deficit of 3% of GDP.
- The cabinet authorized the Minister of Finance to prepare financial details of 2005 budget to ensure its compliance with general government policies on October 19;
- The cabinet agreed on ratification of the UNESCO Convention on Technical and Vocational training adopted in 1989 which aims to build capacities of technical education students through their participation in social and economic development on October 19.
- In October, the cabinet reviewed a report from the Ministry of Industry and Trade regarding the situation with prices and supplies in Yemen during the Holy Month of Ramadan noting visible stabilization of prices on all items;
- approved credit agreement in the amount of \$ 24.3 million between Yemen and International Fund for Agricultural Development signed on July 6, 2004 for funding community resources management project in Dhala ;
- On November 2, the Cabinet approved a tender for building of a two-level bridge in Sana'a city at a cost of YR 485,574,000.

- On November 2, the Cabinet approved a draft Republican Decree regarding the commencement of Population Census at 12:00 pm on Thursday, December 16, 2004;
- On December 7, the Cabinet approved four partnership agreements on oil exploration and production including:
 - * two agreements between SINOPEC International and Yemeni General Corporation for Oil and Gas regarding oil and gas exploration in block 69 in Shabwa and block 71 in Hadhramaut;
 - * an agreement between YGCOG and Dove Energy Limited Co. regarding oil exploration in block 73 in Hadhramaut;
 - * an agreement between YGCOG and DNO ASA and TG Holdings Company for oil exploration in block 72 in Hadhramaut.
- On December 15, the cabinet approved the outcomes of the 16th session of the Yemeni-Saudi Coordination Council including:
 - * a credit agreement for contribution in funding of the Social Fund for Development for an amount of 75 million of Saudi Rials;
 - * a grant agreement for rehabilitation of Aden Public Hospital for an amount of 50 million of Saudi Rials;
- On December 15, the Cabinet approved a credit agreement between Yemen and Arab Fund for Social and Economic Development for contribution in Third Phase of Public Works Project in an amount of 15 million Kuwaiti Dinars equivalent to US\$ 51 million signed on December 7, 2004.

Conferences & Workshops:

- A symposium on NGO accountability was organized by Civil Society Forum during October 18-19;
- UN Day Celebration Ceremony marking 59th anniversary of the UN was held on October 24;
- An 18-day training course for Family Budget Survey participants was launched at the CSO on October 28.
- A seminar on the role of NGOs in Population Census was organized by the Saba News Agency in cooperation with the Central Statistical Organization on November 2.
- A course on deterring money laundering and combating the funding of terrorism was organized by the Central Bank of Yemen and Banking Studies Institute during November 4-9.
- A round table on "Activating the Role of Yemeni NGOs" was organized by the Cultural Bridges Forum on November 29.
- A workshop on Adaptation to Climate Change Program was organized by the Environment Protection Authority on November 29.

- An international conference on Investment Opportunities in the Yemeni Islands was organized by the General Authority for Yemeni Islands Development during November 28 - December 4.
- A workshop on Statistics and Health Information System was organized by the USAID Partners for Health Reform - Plus Project in Al-Jawff during November 27 - December 2. A four-year Water Awareness Initiative was launched by the Ground Water Project on December 2
- A course on Commercial Marketing Strategies for Companies and Enterprises was organized by Taiz Chamber of Commerce and Industry during November 28 - December 8.
- The Third Local Councils Conference was organized by the Ministry of Local Administration during December 4-6.
- A training workshop on Disaster Management was organized by the UNDP during December 4-6.
- Yemen Center for Human Rights and Democratic Freedoms was inaugurated in Aden on December 5.

Donors Activities:

- A grant agreement of 13 million Euros for technical support of education, health and water resources projects was signed between Yemen and the German Government.
- In cooperation with the Irrigation Improvement Project, the Organization for Agricultural Research is establishing experimental farms to enable farmers to secure their crops and raise their standard of living.
- In 2003, the Social Fund for Development offered 8,542 loans at a total sum of YR 237 million to fund small and medium enterprises registering a 44% increase compared to 2002.
- Public Works Project is planning to implement more than 4,400 projects at a cost of US\$ 400 million during 2004-2008.
- Implementation of the US\$ 10-million second phase of Socotra Archipelago Protection Project is underway. The project is funded jointly by the UNDP and Italian Government and is expected to be completed in 2008.
- The Global Fund to Fight AIDS, Tuberculosis and Malaria will start establishing a national malaria-combat center in Sana'a at a cost of US\$ 890,000 in accordance with the bilateral agreement between Yemen and GFFATM.
- The Government of Japan decided to extend a US\$ 46,430 cultural grant to the General Organization for Antiquities, Museums and Manuscripts for purchasing conservation equipment for Zabid Historical Museum;
- The Government of Japan extended a US\$ 6,835 grant to Mouza Agricultural Cooperative in Taiz governorate under its "Grant Assistance for Grassroots Human Security Projects" scheme.

- An agreement was signed between Yemen and Netherlands under which the Dutch Government will grant US\$ 1.16 million for the UNDP-supported Human Rights Development Program.
- The Government of Japan extended a grant of US\$86,821 to Abyan Local Council under its "Grant Assistance for Grassroots Human Security Projects" scheme.
- The US Department of State has increased its allocation to support Yemen in 2005 to US\$ 35 million including \$15 million in military support and \$20 million in economic support;
- The National Program for Combating AIDS is prepared to sign a US\$ 14-million cooperation agreement with the Global Fund for Fighting AIDS, Malaria and Tuberculosis;
- The Ministry of Public Health, representatives of wheat mills and the General Authority for Standards and Specifications have signed a MoU with UNICEF under which UNICEF will provide financial support for enriching wheat flour with iron and folate;
- The Italian Government has donated an additional amount of €150,000 for the second phase of Mine Action Program in Yemen.
- The Government of Japan extends the grants for rural water supply under its "Grant Assistance for Grassroots Human Security Projects" scheme as follows: US\$ 82,032 to Sana'a Governorate and US\$ 24,987 to Far'a District in Ibb.
- A US\$ 22.6-million Rural Development Project to enhance food security will be implemented in cooperation with IFAD, towards which IFAD will contribute US\$ 14.1 million, WFP - US\$4.4 million, the Government of Yemen - US\$ 3.6 million and the local communities - US\$ 360,000.
- The Government of Netherlands pledged to contribute on a cost-sharing basis an amount of US\$ 1.7 million towards the second phase of the Electoral Support Project for the Supreme Elections Committee in Yemen funded by the UNDP.

Publications

- The "Yemeni Banking Manual" was issued, to promote the banking and insurance sector

IV. World Bank Group Operations in Yemen

Relations between the World Bank and the government of Yemen are close and continue to cover knowledge and lending services in sectors critical to development and poverty reduction. The World Bank assistance to the implementation of Yemen's Poverty Reduction Strategy Paper (PRSP) has progressed, and the Country Assistance Strategy (CAS) for FY03-06 program of lending and policy dialogue is being implemented as envisaged.

Country Assistant Strategy The four main objectives of the CAS are: (a) better public sector governance; (b) an attractive environment for private investment; (c) building and protecting human capital; and (d) ensuring environmental stability, particularly in the critical area of water. The implementation of the CAS is progressing well with US\$387.4 million committed between FY03 and the second quarter of FY05 for seven credits. These include two credits for agriculture/rural development, two for infrastructure/urban development, one for water, one for the innovative and successful social funds for development, and one for basic education development program. Two additional projects (*Second Rural Access Program*, and *Second Vocational Training*) are expected to be approved this Fiscal Year (FY05).

Knowledge Services Bank's key non-lending support included completion of analysis of public expenditure management, civil service modernization, and country financial accountability assessment, petroleum price policy reform, household energy supply and use, development of national gender strategy, environmental safeguard requirements, and strategic plans for long-term development of coastal aquifers. Bank is also assisting Yemen in preparing a progress report on PRSP by providing early comments as the draft is being prepared. Coordination among donors has become more regular and has elaborated into subgroups dealing with specific sectors (civil service, water, education, etc.). Collaboration with, and support for, civil society organizations has also deepened, both directly (e.g., NGO capacity building grants) and indirectly (e.g., credits for projects employing NGOs).

Lending Services As of December 31, 2004, the International Development Association (IDA) had approved 132 credits for Yemen for a commitment value of \$2.2 billion (net of cancellations), of which about \$1.7 billion have been disbursed. The current portfolio has 19 projects with total commitments of US\$816 million (net of cancellations), of which US\$648.5 million are undisbursed. About 26 percent of the portfolio, by value, is dedicated to the water sector, 19 percent to education, almost 15 percent to health and other social sectors, over 16 percent to public administration, 9 percent to agriculture, 8 percent to transportation, 6 percent to energy, and 1 percent to financial sector.

Overall portfolio performance and management remain satisfactory. Out of 19 projects in the portfolio, only two (*Civil Service Modernization and Health Reform Support*) are rated unsatisfactory/problem projects. The Bank and the Government are making efforts to address issues affecting the implementation of these projects. A Country Portfolio Performance Review (CPPR) was held in Sana'a in May 2004. Disbursements in FY04 was about US\$91 million; this, however, translated into a lower disbursement ratio (about 16.5%) than in FY03 that was 20%. The disbursement ratio is expect to improve by end of FY05.

The International Finance Corporation (IFC) has three active investments in grain processing, ceramic tile manufacturing, and bottled water, totaling \$11 million. Problems with the investment environment limit IFC activities in Yemen and (as in the case of the grain processing project) impede implementation and profitability. However, IFC has a very clear developmental role to play in the country and the Corporation has devoted considerable resources to promote business there. Several large projects are currently under consideration. In addition, IFC received approval for a new regional facility that will provide technical assistance in Yemen to help improve the business environment, strengthen the financial sector and stimulate the growth of SMEs.

Bank-Fund Collaboration Bank and Fund staffs consult regularly and coordinate their activities. A major activity over the past year was assistance to the Yemeni experts who produced the Poverty Reduction Strategy Paper and subsequently collaboration on a Joint Staff Assessment of the PRSP. In addition, the staffs have worked closely together on civil service reform and government financial management, and in particular, budgeting and public expenditure modernization. Collaboration on these issues is expected to intensify. Bank and Fund staffs have also collaborated on financial sector development issues, with the aim of restoring financial stability (by now largely achieved) and removing constraints on economic development.

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Ongoing World Bank Operations in Yemen as of January 6, 2005

#	Name of the Project	Effectiveness Date	IDA Amount million US\$	Credit (In million US\$)	Disbursed (In million US\$)
1.	Southern Governorates Agricultural Privatization	June 29, 1998	24.7		12.1
2.	Public Works Project III	July 15, 2004	45.0		4.6
3.	Sana'a Emergency Power	January 14, 1999	54.0		46.1
4.	Port Cities Development Program	July 14, 2003	23.4		1.0
5.	Civil Service Modernization	November 29, 2000	30.0		8.7
6.	Child Development	December 19, 2000	28.9		16.0
7.	Social Development Fund II	January 9, 2001	75.0		72.6
8.	Basic Education Expansion Project	January 16, 2001	56.0		31.6
9.	Irrigation Improvement	January 18, 2001	21.3		4.0
10.	Rural Water Supply and Sanitation	October 23, 2001	20.0		4.4
11.	Taiz Municipal Development and Flood Protection	February 26, 2002	45.2		16.7
12.	Rural Access Improvement	March 18, 2002	45.0		26.2
13.	Health Reform Support Project	January 22, 2003	27.5		1.6
14.	Higher Education Learning and Innovation	September 19, 2002	5.0		0.4
15.	Urban Water Supply and Sanitation	November 24, 2002	130.0		5.0
16.	Sana'a Basin Water Management	December 22, 2003	24.0		0.9
17.	Ground Water & Soil Conservation	August 17, 2004	40.0		0.5
18.	Social Development Fund III	August 15, 2004	60.0		0.0
19.	Basic Education Development Program	Approval on (November 23, 2004)	65.0		0.0
	Total		820		252.4

V. World Bank Publications

Recent World Bank Publications

Understanding Civil War (Volume 2: Europe, Central Asia, & Other Regions): Evidence and Analysis

VOLUME I: Africa

VOLUME II: Europe, Central Asia, and Other Regions

The two volumes of *Understanding Civil War* build upon the World Bank's prior research on conflict and violence, particularly on the work of Paul Collier and Anke Hoeffler, whose model of civil war onset has sparked much discussion on the relationship between conflict and development in what came to be known as the "greed" versus "grievance" debate. The authors systematically apply the Collier-Hoeffler model to 15 countries in 6 different regions of the world, using a comparative case study methodology to revise and expand upon economic models of civil war. The book concludes that the "greed" versus "grievance" debate should be abandoned for a more complex model that considers greed and grievance as inextricably fused motives for civil war. regions of Somalia. Conflict in Somalia examines the results of the study and offers recommendations for reconstruction and development assistance that takes the knowledge on conflict into account.

Corporate Restructuring: International Best Practices

In the wake of the periodic financial crises of the late 1990s, the international financial institutions and many experts have recognized the need for a strategy to avoid and mitigate the severity of crises in the corporate sector. Addressing this problem requires the complementary efforts of policymakers, regulators, lawyers, insolvency experts, corporate restructuring specialists, and financiers.

What are the roots of corporate distress? Can systemic corporate crises be predicted? What is the role of legal frameworks in preventing and coping with a crisis? What are the most effective financial techniques for dealing with distressed corporates? This timely volume takes a multidisciplinary perspective on corporate restructuring, and examines international experiences in dealing with corporate crises.

Economies in Transition: An OED Evaluation of World Bank Assistance

Economies in Transition assesses the effectiveness of Bank assistance to the transition, focusing particularly on five topics: 1) private sector development; 2) governance, public sector management, and institution-building; 3) the financial sector; 4) social protection; and 5) energy. Overall Bank assistance has been successful, but there were mistakes before the true nature of transition was fully understood. The Bank internalized the emerging lessons and shifted its emphasis accordingly. This study highlights the importance of lending at prudent levels until a solid knowledge base is established, with convincing evidence of government and societal ownership of the assistance program. It contends that analysis of governance and poverty monitoring should be early features of the assistance program, active programs of stakeholder inclusion should be widely replicated, and country assistance strategies used to bolster reform capacity.

Investment Climate, Growth, and Poverty: Berlin Workshop Series 2005

This document addresses important topics discussed at the fifth annual forum of the Berlin Workshop Series co-hosted by In Went and the World Bank, held in September 2003. At the meetings, key researchers and policy makers from Europe, the United States, and developing countries around the world met to identify and brainstorm on development challenges and successes that are examined in-depth in the World Development Report 2005: A Better Investment Climate for Everyone. This title presents selected papers from the meetings which highlight key issues on investment climate; covering such issues as property and contractual rights, financial markets, regulation, governance, and corruption

The Poverty Reduction Strategy Initiative: An Independent Evaluation of the World Bank's Support Through 2003

This book provides an independent assessment of the Poverty Reduction Strategy Initiative for the World Bank as well as the broader development community. It offers a frank and in-depth review of the progress thus far, with particular focus on the role and effectiveness of the Bank's support, drawing from extensive discussions with national stakeholders in Poverty Reduction Strategy (PRSP) countries, research and analytical work, and country case study reports on ten PRSP countries: Albania, Cambodia, Ethiopia, Guinea, Mauritania, Mozambique, Nicaragua, Tajikistan, Tanzania, and Vietnam.

The author of The Poverty Reduction Strategy Initiative concludes that the Initiative has led to improvements in national strategies and processes in some low-income countries. The author argues that the Initiative should be reoriented toward improving domestic processes and less on completion of documents, customizing the approach to particular country circumstances, filling analytical gaps to better understand which actions will provide the greatest poverty pay-off, and making sure the assistance programs of external partners are anchored in the country's poverty reduction strategy.

World Development Report 1978-2005 with Selected World Development Indicators 2004: Indexed Omnibus CD-ROM Edition (multiple user)

The World Development Report, published by the World Bank every year since 1978, contains a wealth of information on the economic and social state of the world. This omnibus CD-ROM edition includes the text of all 27 editions, from 1978 to 2005. Contents are fully indexed and cross-referenced for easy searching across the volumes in the archives. The CD-ROM includes selected indicators from World Development Indicators 2004. Published annually by the World Bank, World Development Indicators provides a comprehensive range of statistical indicators for more than 200 economies. The selected indicators in this reference tool have many display options. Data can be exported for use in other applications, such as spreadsheets and databases.

Global Economic Prospects 2005: Trade, Regionalism, and Development (ISBN: 0-8213-5747-6 SKU: 15747)

Global Economic Prospects 2005: Trade, Regionalism, and Development addresses two questions:

- What are the characteristics of agreements that most promote—or hinder—development for member countries?
- Does the proliferation of agreements pose risks to the multilateral trading system, and if so, how can these risks be managed?

The report argues that agreements leading to open regionalism—that is, deeper integration of trade as a result of low external tariffs, increased services competition, and efforts to reduce cross-border and customs delays costs—are effective as part of a larger trade strategy to promote growth. Such regional agreements can complement a strategy that, on the one hand, includes autonomous liberalization to

promote productivity gains and, on the other hand, leverages domestic reforms to enhance market access. Although regional agreements can prove beneficial to member countries, they can have adverse effects on excluded countries. Lowering of border barriers around the world is crucial to minimizing these effects. The completion of the Doha Development Agenda by all countries in the World Trade Organization will reduce the risk of trade diversion associated with regional agreements and will decrease trade losses of countries excluded from agreements.

Global Agricultural Trade and Developing Countries (ISBN: 0-8213-5863-4 SKU: 15863)

Global Agricultural Trade and Developing Countries presents research findings based on a series of commodity studies of significant economic importance to developing countries. First, the book sets the stage with background chapters and investigations of cross-cutting issues. Trade and domestic policy regimes affecting agricultural and food markets are described, and the resulting patterns of production and trade are assessed. The book follows with an analysis of product standards and costs of compliance and their effects on agricultural and food trade. An investigation of the impact of preferences given to selected countries and their effectiveness is next. The evidence on the attempts to decouple agricultural support from agricultural output is then reviewed. The last background chapter explores the robustness of the global gains of multilateral agricultural and food trade liberalization. .

By bringing the key issues and findings together in one place, *Global Agricultural Trade and Developing Countries* aids policy makers and researchers, both in their approach to global negotiations and in evaluating their domestic policies on agriculture. This book also complements the recently published *Agriculture and the WTO* that focuses primarily on the agricultural issues within the context of the WTO negotiations.

The Microeconomics of Income Distribution Dynamics in East Asia and Latin America (ISBN: 0-8213-5861-8 SKU: 15861)

Economists have had much to say about what causes aggregate economic growth, but they have been more reticent about the distributional dimension of that growth. Understanding development and the process of poverty reduction requires understanding not only how total income grows but also how its distribution behaves over time. This book is a major new contribution to that process. The authors propose a decomposition of differences in entire distributions of household incomes, shedding new light on the powerful, and often conflicting, forces that underpin the changes in poverty and inequality that accompany the process of economic development. This approach is applied to three East Asian countries--Indonesia, Malaysia, and China--and to four in Latin American--Argentina, Brazil, Colombia, and Mexico.

World Development Report 2005: A Better Investment Climate for Everyone

(ISBN: 0-8213-5682-8 SKU: 15682)

Firms and entrepreneurs of all types—from micro enterprises to multinationals—play a central role in growth and poverty reduction. Their investment decisions drive job creation, the availability and affordability of goods and services for consumers, and the tax revenues governments can draw on to fund health, education, and other services.

The World Development Report 2005 argues that improving the investment climates of their societies should be a top priority for governments. Drawing on surveys of nearly 30,000 firms in 53 developing countries, country case studies, and other new research, the Report exploring several questions of relevancy In addition to detailed chapters exploring these and related issues, the Report contains selected data from the World Bank's new program of Investment Climate Surveys, the Bank's Doing Business Project, and World Development Indicators 2004—an appendix of economic and social data for over 200 countries. This Report offers practical insights for policymakers, executives, scholars, and all those with an interest in economic development.

WINTER 2004

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