



1. Project Data :
OEDID: C2840
Project ID: P041302
Project Name: Economic Recovery Credit
Country: Yemen
Sector: Other Non-sector Specific
L/C Number: C2840
Partners involved : None
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Date Posted: 08/10/1998

2. Project Objectives, Financing, Costs and Components :
The Economic Recovery Credit for US\$ 80 million, approved in 1996, was the first adjustment operation in Yemen . It was designed to establish the basis for resuming and sustaining economic growth by complementing the Government's stabilization program and improving resource allocation . Specifically, it supported measures for trade liberalization, privatization and public enterprise reform, and improvement of the regulatory framework . The program would be accompanied by measures for social protection . A public works project was to be supported by IDA in a separate operation .

3. Achievement of Relevant Objectives :
All the objectives of the project were achieved . A simplified, less protective tariff, with a maximum rate of 30% was established and all import bans and export licenses were abolished . A privatization unit was established and sixteen enterprises were sold or liquidated . The Government has announced its intention to privatize 100 enterprises by 2000. A system was established to monitor public enterprises and budgetary support for these enterprises is being phased out. A policy of uniform treatment for investors had been adopted . Maintaining budgetary allocations for health and education and successfully implementing the public works program mitigated the possible negative impact of the program .

4. Significant Achievements :
The project demonstrates the benefits of close collaboration of the Bank, Fund and Government in program design .

5. Significant Shortcomings :
There were no significantly shortcomings .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly Satisfactory	
Institutional Dev .:	Partial	Modest	
Sustainability:	Likely	Likely	
Bank Performance:	Highly Satisfactory	Highly Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR:		Satisfactory	

7. Lessons of Broad Applicability :
The credit demonstrates the value of designing a program consistent with the Government's commitment and institutional capacity and then following it up quickly with the next phase to sustain the momentum of reform . Furthermore, in countries with weak institutional capacity, complementary technical assistance not only facilitates coordination across various Ministries, but can also sustain the reform momentum .

8. Audit Recommended? Yes No

9. Comments on Quality of ICR :
The ICR is satisfactory.