

# Local Governance in Yemen: Challenges and Opportunities



Local Revenue and Resource Allocation



Academic and Political Activist in Sana'a



# Published by

Berghof Foundation Operations GmbH

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Altensteinstrasse 48a

14195 Berlin

Germany

May 2018.

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## Imprint

Local Governance in Yemen: Challenges and Opportunities. Local Revenue and Resource Allocation.  
Berlin: Berghof Foundation 2018.

Special thanks to

Proofreading: Maren Sass

Design: Strategic Agenda

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# Local Governance in Yemen: Challenges and Opportunities

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# Contents

<b>1</b>	Introduction.....	01
<b>2</b>	The Nature of Local Revenues .....	02
<b>3</b>	The Most Significant Local Authority Resources in Yemen.....	03
	<b>3.1.</b> Local Resources for the District.....	03
	<b>3.2.</b> Governorate-level Shared Resources.....	04
	<b>3.3.</b> Common Public Resources .....	05
	<b>3.4.</b> Central Support (Subsidies) .....	06
	<b>3.5.</b> General Remarks on Local Resources .....	06
	<b>3.6.</b> Disruption of Central Support: The Problem and Proposed Solutions ..	07
<b>4</b>	Constraints to the Collection of Local Authorities' Financial Resources .....	08
<b>5</b>	Urgent Remedies to Finance Local Authority .....	09
<b>6</b>	Mid-term Future Financing of Local Authority .....	11
	References.....	14
	Annexes.....	16

# 1 Introduction



Sunrise in the Old City of Yemen, an UNESCO World Heritage City.

Many countries have moved from central to decentralized administration to facilitate service provision for citizens and accelerate the development process. To this end, the Republic of Yemen adopted the Local Authority Law No. 04 (LAL) in 2000. In 2001, Yemen saw the first local council elections; the second elections were held in 2006. Thereafter, and due to destabilizing political developments in the country, it became impossible to hold local elections in the country, especially after 2011 and subsequent developments.

Yemeni legislation has given broad powers to local authorities for service provision and local development. In the past, local authorities have played disparate roles in carrying out the tasks entrusted to them. They were granted ample financial resources to ensure local organs had what they needed to perform their functions.

Given the significance of the role entrusted to these local bodies, it is of utmost importance to ensure their success by reviewing and evaluating their performance so that achievements can be identified and challenges can be highlighted.

One vital issue is the financial resources available to local authorities. Because they impact the performance of local organs, they require further study and evaluation to identify available resources and collection mechanisms, and to highlight the obstacles local authorities face – especially given the exceptional circumstances in Yemen at the moment.

From this perspective, this paper will shed light on the resources available to local authorities in the Republic of Yemen, highlight the constraints on revenue collection, and propose how to address them and develop Yemeni local authority revenue streams.

This paper relies on a number of references – listed at the bottom – as well as various meetings with academics, researchers and specialists to enrich the ideas it discusses.

## 2 The Nature of Local Revenues



View of the city market in the city of Sana'a, July 2016.

Local revenues can be defined as resources collected by administrative units to finance economic and community development projects for the purpose of enhancing the financial and administrative decentralization upon which the local authority system was founded. More specifically, domestic revenue is the local financial resource gathered from tax collections, local fees, surcharges on national taxes and winnings from the operation and utilization of local facilities. These resources must be adequate, flexible and equitable to ensure success in the administrative units.

In the traditional sense, the nature of services local bodies perform usually determines the types of financial resources and streams. Basic local services, such as health and sanitation, must be provided by local bodies, regardless their cost, and are usually funded with public resources, mainly taxes.

Non-essential local services, such as those related to public utilities like gardens, are financed by consumption charges, borne primarily by service beneficiaries. Infrastructure services at the local level, such as bridges and roads, the cost of which cannot be covered by leasing or consumption charges, are normally financed with long-term loans that encumber future generations with parts of the cost. The following is a simplified overview of the most important resources available to local authorities. Regulation through local authority increases the feeling of ownership, ensures the sustainability of local investments, improves the quality of local services, helps bridge the funding gap, contributes to rationalizing consumption, raises the level of efficiency in use and planning, increases effectiveness of local authorities and the size of their responsibilities, provides necessary flexibility, improves social-welfare and poverty-alleviation programs, and develops local units financially.

## 3 The Most Significant Local Authority Resources in Yemen



Trading on Ak Mukalla Street, in the City of Mukalla, capital of the Hadramawt District. February 2010.

In Yemen, resources available to local authorities are divided into four types: **local resources for the district**, **governorate-level shared resources**, **common public resources**, and **central support** (or subsidies).

### 3.1. Local Resources for the District

Resources collected within the district for its own use come from 27 sources:

1. 50% of all Zakat (alms tax) collected,
2. Fees on advertising and promotions,
3. Fees and taxes on tickets for entertainment events (cinema, sporting events etc.),
4. Building permit fees,
5. Fees for commercial licensing,
6. Fees for the certification and endorsements of contracts and other documents,
7. Fees for the excavation of cesspits,

8. Surcharges on fees for slaughterhouse, meat and fish market services,
9. Fees for personal status and civil registry services,
10. Fees for livestock vaccination and plant immunization,
11. Collections on sanitation and city improvement services,
12. Fees for the registration and recording of real estate,
13. Fees on educational services and facilities, including on resources for maintenance and restoration,
14. Fees for the use of land allocated to public markets and sidewalks,
15. Fees for the use of parking spaces for passengers and goods,
16. Proceeds from quarry exploitation, fees for beach and coastal exploitation,
17. Proceeds from the disposition of land and government properties, as well as leasing value within the administrative unit,
18. Resources collected by executive bodies for their services and return on investment,
19. Fees collected on behalf of cooperatives, local councils and local development funds:
  - a. Charges added to electricity, water and telephone bills,
  - b. Charges on the shipment of stones, gravel and sand,
  - c. Fees for the transportation of passengers by road,
20. License fees for professional practices and renewals thereof,
21. Surcharges on fees levied on postal parcels,
22. Tourism fees, hotel accommodation fees, tourist and entertainment facilities fees, and entrance fees to museums and archaeological sites,
23. Fees and other local taxes determined under applicable laws and regulations,
24. All fines associated with these fees listed and the renewals thereof,
25. Grants, wills, and donations from individuals and legal persons,
26. Grants, donations and assistance provided by international bodies and organizations through central agencies,
27. Taxes on private professions.

### 3.2. Governorate-level Shared Resources

These are resources levied for the governorate from its various districts. These resources are allocated as follows:

- ≡ 25% for the district carrying out the collection,
- ≡ 25% to fund governorate activities,
- ≡ 50% allocated equally to the rest of the districts within the governorate.

Twenty-eight sources make up this resource base:

1. 50% of all Zakat collections,
2. Tax payable on real estate income,
3. Consumption tax on Qat,<sup>1</sup>
4. Company registration fees,
5. Driving license fees,
6. Licensing fees for running means of transportation,
7. Fees to transfer the ownership of transport means,
8. Traffic fines,
9. Fees on health and medical services,
10. Fees on all kinds of health certification,
11. Fishing license fees,
12. License fees for drilling artesian wells,
13. Passports fees,
14. Fees on parcels arriving by land, sea or air,
15. All fines associated with the taxes and fees specified in the preceding clauses,
16. Other local fees and taxes imposed under the laws and regulations in force as a common resource,
17. Gifts, wills and donations from individuals and legal persons
18. Grants, donations and assistance provided by international bodies and organizations through central agencies,
19. 50% of resources collected exceeding estimated annual revenues, unless the increase results from a new tax or fee,
20. Income taxes on private professions,
21. Licensing fees for private, educational and health facilities,
22. Fees for opening pharmacies, radiology centers, laboratories and drug stores of any kind,
23. Fees for establishing agricultural extension offices, nurseries and private farms,
24. Fees on urban plans and surveys,
25. Fines for employees lacking health fitness certifications,
26. Fees for licenses and renewals for personal weapons,
27. License fees for driving schools,
28. Fees for work and residence permits, and extensions thereof, for Arabs and aliens.

<sup>1</sup> A green shrub chewed by locals at social gatherings – translator's note.

### 3.3. Common Public Resources

These are the resources the Ministry of Local Administration (MoLA) collects at a national level and distributes every three months to all administrative units:

- ≡ Amounts levied and collected centrally on behalf of cooperatives, local councils, and local development funds

- ≡ Fees on air and sea travel tickets (currently suspended)
- ≡ Fees per barrel of gasoline, diesel, or Kerosene sold to fuel stations (suspended since its adoption in 2000)
- ≡ 30% of annual revenues from the following funds:
  - Road Maintenance Fund
  - Agricultural and Fisheries Production Promotion Fund
  - Adolescence, Youth and Sports Fund.

The following is a table showing total actual revenue generated from these resources between 2002-2016. The first of the four periods selected is when the financial units of the local authority were established in 2002. The second followed after the first local elections in 2017. The third and fourth denote the period following political unrest in the country. A clearly noticeable decline in domestic revenue in 2016 can be seen. Data for 2017 is expected to be even worse.

Year	Total Actual Revenues from Local Resources	Total Actual Revenues from Shared Resources at Governorate Level	Total Actual Revenues from Common Public Resources
2002	4,120,720,914	5,325,094,916	452,185,000
2007	12,189,949,578	9,478,805,146	1,966,552,323
2012	12,189,949,578	12,622,531,971	10,009,428,203
2016	8,097,455,360	10,201,770,535	8,602,413,328

Table 1: Revenue from local resources for districts, shared resources, and common public resources.

### 3.4. Central Support (Subsidies)

This is the total sum of annual central financial support to the nation's administrative units. Its size is determined in an annual proposal by the ministries of finance, planning and local administration and approved by the Council of Ministers.

Along with the common public resources, these subsidies are allotted to the governorates and districts by the Council of Minister, based on a proposal submitted by the ministries of local administration and planning by the following criteria: population density, abundance or scarcity of resources, economic and social development, deprivation ratio, and efficiency in resource collection and spending. For now, these resources are suspended due to the current situation.

### 3.5. General Remarks on Local Resources

Many fees levied on a number of local resources are not collected in all governorates and districts, as they are not equally common to most administrative units.

Annex 2 shows the main sources of local revenue across administrative units. It displays types requiring high collection effort, and types that have realized the highest and lowest collection rates.

Annex 3 shows all districts in which revenue collection is densely concentrated.

Annex 4 shows that, between 2002-2013, a district's local resources made up 5-13% of common governorate resources. Most of this revenue comes from specific governorates and administrative units (Annex 3).

Ninety percent of local authority resources are in the form of central governmental support or grants. Once the flow of support stops, the role of local authority and administrative unity is strongly disrupted, which is happening in the meantime. More light will be shed on this problem in the following paragraphs.

### 3.6. Disruption of Central Support: The Problem and Proposed Solutions

Concerned bodies have confirmed that governmental subsidies to administrative units have been suspended since 2013, due to recurring budget deficits. This has severely disrupted infrastructure and construction, for which subsidies are essentially set aside. The situation in Yemen since 2015 has frayed the economy and prolonged the suspension. Any intervention to close this gap – though not necessarily urgent – should be well thought out to have an impact. Most of the local authority resources (90%) come from the central government in form of subsidies and grants. They amount to about YER 7 billion, which is less than 1% of the state’s public budget. This means that legislation did not grant local authority sufficient financial resources to genuinely perform in the decentralization process. This may be because the experiment was still nascent in 2000, or perhaps due to political fears. It could also stem from concerns that true decentralization would surpass its intended purpose of creating local authority and establish local governance. In addition, the experiment has not been studied and evaluated at later stages due to the country’s prevailing circumstances and successive political changes.

Upon inquiring whether some of the central government resources, such as sales and payroll taxes, could be redirected to local authorities, concerned technical and professional government staff stressed the difficult political and financial circumstances the country was currently experiencing. Therefore, in order to partially address the problem, we will list possible solutions. It must be noted that these proposals must first be studied in the field to determine feasibility, and presented to relevant government agencies to seek their opinion:

- ≡ Allocate new financial sources for local governments with a set of specific taxes difficult to collect centrally, but that local authorities can easily gather.
- ≡ Re-examine the governorate-level common resources, and either revise the shares based on districts’ needs and conditions, divide them into two parts so the governorates and districts can each collect their share separately, or allocate 60% to the district that collects them and share the remaining 40% equally with the rest of the districts in the governorate.
- ≡ Increase common public resources shares to 50% of the funds’ revenues, and allow for immediate deduction.
- ≡ Raise fees for local resources in favor of the districts and shared resources at the governorate level. The raise should be equal to the broader population’s income, instead of its narrower base. (A Prime Ministerial Decree would suffice to amend the Council of Ministers Resolution No. 283 of 2001).

All these proposals require exceptional decisions to make meaningful changes to the LAL. If this proves impossible, the Executive Bylaw can be amended by Prime Ministerial Decree.

## 4 Constraints to the Collection of Local Authorities' Financial Resources



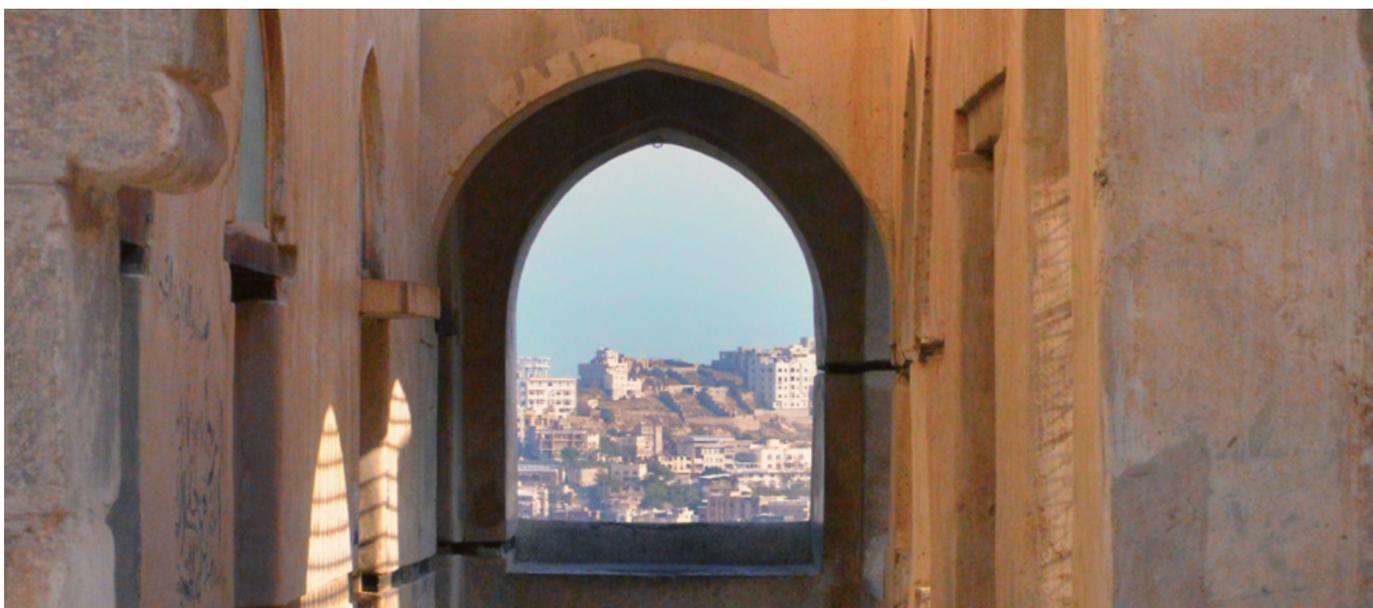
A man uses his cell phone in the mountainous region of Haraz.

There are a number of factors that impede the collection of local authorities' financial resources, the most prominent being-

- ≡ *Tax capacities for commercial and industrial activities in the private sector are insufficiently utilized.* This is due to the discrepancy between the number of taxpayers as determined by surveys and actual taxpayers, the private sector debate over optimal taxation policies, as well as insufficient bookkeeping and financial documentation to inform tax assessments and payments feeding the informal sector.
- ≡ *Financial auditing for most local self-financing sources is weak.* The LAL identifies 27 self-financing sources for local units, but they do not cover the administrative units' minimum funding requirements. Despite their diversity, they deliver limited return, and most were delegated for local authorities to collect as best they could when the central government found the task too difficult. Important tax resources that cover a good funding percentage are still with the central authority and have yet to be transferred to local authorities.
- ≡ *There is no integrated, clear system for horizontal or vertical adjustments between local units and central authority.* The transfer of shared resources to local administrative units are delayed for long periods, especially affecting the financial sustainability in administrative units with scarce resources – and they are in the majority.

- ≡ *Central support for administrative units is being reduced, while central agencies keep the biggest revenue share from the public budget for themselves.*
- ≡ *Legal and procedural constraints restrict administrative units' ability to expand financial resources, such as fixed collection rates, revenue streams and collection methods, and limit opportunities to develop, grow and diversify financial sources.*
- ≡ *The base of information available for local units to identify opportunities to develop their sources for self-financing is weak. Meanwhile, new or improved funding sources with a comparative advantage are being introduced.*
- ≡ *Collections and deposits are being assigned to non-public servants such as contractors, daily workers or retirees.*
- ≡ *National currency fluctuation and taxpayer disputes erode tax value and are often referred to settlements and judicial panels, resulting in lower estimated taxes paid.*

## 5 Urgent Remedies to Finance Local Authority



View of the city of Sana'a.

In order to increase revenue to overcome funding constraints for local authorities, executive bodies should be activated to carry out their revenue collection duties. The following steps should be taken:

- ≡ Revenues should be collected by official employees and not contractors on daily wages. To ensure this, the Ministry of Finance or financial offices should deploy employees to administrative units. Alternatively, bank accounts can be opened in all bank branches or post offices.
- ≡ Fees on oil derivatives must be collected. This has not been done since the adoption of the LAL, and has deprived the state's treasury of billions of YER.
- ≡ Resolve to collect real estate tax must be strengthened. According to relevant staff, current collections do not exceed 10% and only take place in governorate capitals.
- ≡ Transport, Qat and telecom taxes must be collected effectively.
- ≡ Whoever pays any type of revenue on time should receive privileges.
- ≡ Tax collectors should receive incentives as encouragement to perform.
- ≡ The Adolescence and Youth, Agricultural Promotion and Road Maintenance funds should be obligated to pay 30% of their revenue to the local authority as specified and return their accumulated debt of over YER 30 billion. There should be flexibility in the use of these funds beyond their mandates if dictated by local units' needs and priorities.
- ≡ Formal procedures to obtain services and collect service charges should be simplified.
- ≡ Duplication and conflicts in collection could be prevented by rewarding collectors a percentage of the total amount collected, while maintaining effective control mechanisms.
- ≡ Local committees and accountability should be established to help local authority determine community needs, monitor service providers and urge citizens to pay their local revenue obligations.
- ≡ Encourage local units to establish integrated joint initiatives and projects to help expand and develop self-financing opportunities and resources.
- ≡ Re-examine the local revenue base and fees determined in Prime Ministerial Resolution No. 283 of 2001.
- ≡ A margin of freedom should be given to the local authorities in determining fees suitable to the nature of each administrative unit.

## 6 Mid-term Future Financing of Local Authority



Fish market in Yemen, October 2013.

The development, collection and distribution of domestic revenues in the mid-term of one to two years depend on the state's future condition. Will the current situation continue, or will there be a political settlement? Therefore, the political settlement will determine which proposed solutions are appropriate to increase local revenues.

Overall, the Local Authority Legislation and its financial regulations conflict with over 80 laws and provisions, and require substantial legislative amendments, revision or rethinking. Furthermore, in the absence of an official controlling body, some newly created state institutions have regulations, systems and income sources that directly conflict with the LAL and its financial bylaw.

The following is a set of proposals to protect resources and control the collection process, thus increasing local revenues at all levels, within a period of one to two years, and perhaps longer, as needed:

1. Build a modern database on various resources and streams, so local units can study possibilities to expand their financial resource base, and provide information that helps them expand investment options and benefit from opportunities and economic resources.

2. Establish a network to connect all local authority resource agencies electronically, so they can access information on any party with financial obligations to the state.
3. Close corruption loopholes and unify revenue streams by introducing a modern accounting system for local authorities and establishing an electronic payment system for fees, taxes and other resources using banks and post offices.
4. Raise operational budgets for branches and administrative units.
5. Determine legal penalties for tax and Zakat evaders.
6. Reconsider Zakat allocation and compensate administrative units with an alternative resource instead; address existing Zakat-problems, particularly Zakat on large taxpayers with multiple activity branches.
7. Activate internal and external controls.
8. Stop spending and depleting administrative units' resources on purposes other than intended.
9. Make operational expenses available to local councils and executive agencies to help them carry out their tasks efficiently and effectively.
10. Objectively determine criteria to allocate a specific share of state public resources to local authority.
11. Promote participatory work between governorate administration, executive offices and districts to improve the quality of resource collection.
12. Give priority for employment in the local authority and administrative units to residents of the region. Revenue collection should be assigned to collectors and bursars as permanent staff with commercial guarantees.
13. Under no circumstances should setting aside or withdrawing funds from administrative units to special accounts be allowed; the same goes for transferring local resources to central authority agencies.
14. Collection arrears due must be followed up, as well as legal actions against those evading payment.
15. Revise LAL Article 123 to provide flexibility in dealing with new revenue streams without further need for amendments.
16. Ease legal and procedural restrictions on administrative units, giving them greater flexibility to expand and diversify financial resources, determine service fees and propose new or adjust existing local revenue streams.
17. Nullify administrative procedure orders under which governmental entities have diverted local resources for their own use, and limit such practice in the future.
18. Make better use of state land, real estate and properties within the local units to ensure additional revenue, while upholding controls to prevent their waste and abuse.

19. Establish a specialized bank for local authorities to provide the loans to administrative units necessary to ensure their role remains uninterrupted and the collection of revenue continuous.
20. Raise central governmental subsidies to local authorities by at least 10% of the public budget. As frequently as possible, financial allotments for development projects should be transferred directly to local units. Oversight and control mechanisms for administrative units are needed, as well as an effective and accurate indicator system to allocate central support and measure development performance.
21. Assist in resource collection and procedure simplification, introduce a mechanism to implement the following points:
  - establish a technical tax unit,
  - qualify and train staff,
  - make financial offices independent from governors,
  - re-examine fees and their values,
  - establish an independent tax police unit,
  - establish specialized tax courts,
  - activate COCA report outcomes, findings and recommendations,
  - minimize tax exemptions and establish a department to combat tax evasion and smuggling, increase the personnel responsible, and provide them qualitative training.
22. Conduct the necessary studies to apply a successful model to collect, manage, and levy all amounts due to the local units, including shared and common revenues. Begin in one administrative unit and scale the model up throughout the country.

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Khalid Al-Shamej, Director General of the Department for Common Public Resources, MoLA

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# Annexes

## Annex (1): Public Policies on the Local Authority System and Financial Resources

Direct Public Policies	Indirect Public Policies
The Constitution	Civil Service Law
The Local Authority Law No. 4 of 2000	Election Law
The State Budget Law and Annexes	Financial Law
The Executive Bylaw No. 269 of 2000	Procurement and Stores Act
The Financial Bylaw No. 24 of 2000	Civil Service Strategy
The Organizational Bylaw No. 23 of 2000	The Five-year Development Plan 2006-10.
The Republican Decree on the Organizational Bylaw for the Headquarters of Governorates No. 265 of 2000	Public Money Collection Act
Republican Decrees for Some Adjustments of Administrative Divisions	Special Laws for Governmental Funds: <ul style="list-style-type: none"> <li>• Law for the Sanitation and Improvement Fund</li> <li>• Law of the Road and Bridges Maintenance Fund</li> <li>• Law of the Agricultural and Fish Production Promotion Fund</li> <li>• Law of the Adolescence and Youth Promotion Fund</li> </ul>
The Council of Ministers' Resolution No. 283 of 2002 on Values and Bases of Local Fees	

## Annex (2): Main Sources of Local Resource Structure across Administrative Units in the Republic of Yemen for 2008

(source: Mohamed Al-Dhurafi)

Governorate	Resources with Highest Collection Effort	Resources with Highest Return	Resources with Lowest Return
<b>Capital City (Sana'a)</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Proceeds from the disposition of government lands, real estate and their rental values</li> </ul>	Zakat duties	Advertising and promotion fees
<b>Aden</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Personal Status and Civil Registry service fees</li> <li>≡ Proceeds from the disposition of government lands, properties and their rental values</li> <li>≡ Fees levied and collected in the name of cooperatives, local councils, and local development funds</li> </ul>	Personal Status and Civil Registry services fees	Fees and taxes on cinema tickets, festivals, sporting events, and other entertainment venues
<b>Ta'iz</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	All fee-associated fines and their renewals	Proceeds from the exploitation of quarries, fees for the exploitation of beaches and coasts
<b>Hodeidah</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Fees levied and collected in the name of cooperatives, local councils, and local development funds</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	Fees and taxes on cinema tickets, festivals, sporting events, and other entertainment venues
<b>Ibb</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Fees levied and collected in the name of cooperatives, local councils, and local development funds</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	Proceeds from the exploitation of quarries, fees for the exploitation of beaches and coasts
<b>Dhamar</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	All levies under the heading: Sanitation Service and City Improvement
<b>Lahj</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Fees for services of the Personal Status and Civil Registry</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Personal Status and Civil Registry services fees	All levies under the heading: Sanitation Services and City Improvement

Governorate	Resources with Highest Collection Effort	Resources with Highest Return	Resources with Lowest Return
<b>Al-Bayda</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	All levies under the heading: Sanitation Services and City Improvement
<b>Al-Mahweet</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	All levies under the heading: Sanitation Services and City Improvement
<b>Abyan</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Fees for services by the Personal Status and Civil Registry</li> <li>≡ Proceeds from the disposition of government lands, real estate and their rental values</li> <li>≡ Fees levied and collected in the name of cooperatives, local councils, and local development funds</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Grants, donations and assistance provided by international bodies and organizations via central organs	<ul style="list-style-type: none"> <li>≡ Refunded from previous years</li> <li>≡ Sales of machinery and equipment</li> <li>≡ Sales and means of transportation</li> </ul>
<b>Dhale'a</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Fees for services by the Personal Status and Civil Registry</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	Fees and taxes on cinema tickets, festivals, sporting events, and other entertainment venues
<b>Sana'a</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	Advertising and promotion fees
<b>Amran</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> <li>≡ Grants, donations and assistance provided by international bodies and organizations through central agencies</li> </ul>	Zakat duties	Fees on tourism, hotel accommodation, tourist and leisure facilities, and entrance fees to archaeological sites
<b>Hajjah</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	Advertising and promotion fees
<b>Hadhramawt</b>	<ul style="list-style-type: none"> <li>≡ Proceeds from the disposition of government lands, real estate and their rental values</li> <li>≡ Fees levied and collected in the name of cooperatives, local councils, and local development funds.</li> </ul>	Proceeds of disposition of government lands and properties and rental values	License fees for practicing different professions and their renewals

Governorate	Resources with Highest Collection Effort	Resources with Highest Return	Resources with Lowest Return
<b>Shabwa</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Fees for services by the Personal Status and Civil Registry Authority.</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	All fee-associated fines and their renewals	<ul style="list-style-type: none"> <li>≡ Refunded from previous years</li> <li>≡ Sales of machinery and equipment</li> <li>≡ Sales and means of transportation</li> </ul>
<b>Al-Jawf</b>	<ul style="list-style-type: none"> <li>≡ Zakat</li> <li>≡ All fines associated with fees stated in previous items and renewals</li> <li>≡ Gifts, donations and assistance provided by international bodies and organizations through central agencies</li> </ul>	Grants, donations and assistance provided by international bodies and organizations through central agencies	Professions tax
<b>Ma'rib</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ Proceeds from the disposition of government lands, real estate and their rental values</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	All fee-associated fines and their renewals	License fees for practicing different professions and their renewals
<b>Sa'adah</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	Zakat duties	Registration fees and recording fees in the Land Registry
<b>Al-Maharah</b>	<ul style="list-style-type: none"> <li>≡ Fees for services by the Personal Status and Civil Registry</li> <li>≡ Proceeds from the disposition of government lands, real estate and their rental values</li> <li>≡ Profession tax</li> </ul>	Professions tax	All levies under the heading: Sanitation Services and City Improvement
<b>Raimah</b>	<ul style="list-style-type: none"> <li>≡ Zakat duties</li> <li>≡ All fee-associated fines and their renewals</li> </ul>	All fee-associated fines and their renewals	Fees for the use of public market grounds and sidewalks

## Annex (3): Concentration of Resources in Districts across the Governorates for 2008

(source: Mohamed Al-Dhurafi)

Governorate	Districts with Highest Collection Effort	Districts with Highest Collection Return	Districts with Lowest Collection Return	Number of Districts
Sana'a	Amanat Al-Asemah, Azal – al-Saba'een	Amanat Al-Asemah	Old Sana'a, -Safieh, al-Thawrah	10
Aden	Sera, Khor Maksar, Mansura	Mansura	Al-Tawihi, Brega, Governorate Center	8
Ta'iz	Cairo, Al-Muzaffar, Salah	Salah	Mawze'aa, Waze'ah, Dhubab	23
Hodeidah	Hawk, Al-Hali	Al-Hali	Hajeelah, Kamran, Jabel Ras	26
Ibb	Al-Mashna, Al-Zahar, Dul-Al-Sufal	Al-Zahar	Far'a Al-Odain, Al-Sabrah, Al-Qafer	20
Dhamar	Dhamar City District	Dhamar City District	Al Manar, Maghreb Ans, Wisab al-Safel	12
Lahj	Houta, Tuban, Yaff'a	Tuban	Madharibah, Melah, Habeel Jabr	15
Al-Bayda	Al-Bayda City District, Rada'a-al-Arsh	Al-Bayda City District	Nate'a, –Maswah, No'man	20
Al-Mahweet	Shibam Kawkabam, Al-Rijm, Al-Mahweet City District	Al-Rijm	Hufash, Bani Saad, Malhan	9
Abyan	Zanjibar, Khanfar, Lauder	Zanjibar	Jaishan, Sarar, Sabah	11
Dhale'a	Al-Dale'a, Qa'taba, Damt	Dhale'a	Al-Azareq, Jehaf, Al-Hassain	9
Sana'a	Amanat Al-Asemah, Hamdan, Sanhan	Sanhan	Bani Dabian, Al-Hassan, Sa'afan	16
Amran	Khamer, Ayal Yazid, Imran	Amran	Swair, Dhalimat Habor, Bani Sareem	20
Hajjah	Haradh, Abs, Muftah	Madinah	Bakeel Al Meer, Aljameema, Dharah	31
Hadhramawt	Mukalla City District, Say'un	Mukalla City District	Qef al-Awamer, Hajer al-Sayer-Zamakh, Manokh	30

Governorate	Districts with Highest Collection Effort	Districts with Highest Collection Return	Districts with Lowest Collection Return	Number of Districts
<b>Shabwa</b>	Baihan, Ataq, Maif'ah	Ataq	Dahr, Al-Talh, Hateeb	17
<b>Al-Jawf</b>	Al-Hazm, Zaher, Barat al-Anan	Al-Hazm	Al-Humaidat, Khalq, Al-Hazm	12
<b>Ma'rib</b>	Marib City District, Marib District, Provincial Center	Marib City District	Bidbidah, Madghal, Ragwan	14
<b>Sa'adah</b>	Sa'adah, Sahar, Provincial Center	Sa'adah	Kataber, Al-Daher, Shada	15
<b>Al-Maharah</b>	Al-Ghaydah, Qashn, Provincial Center	Al-Ghayda	Hatt, Man'ar, Masila	9
<b>Raimah</b>	Salafiyya, Kusumah, Provincial Center	Al-Jabeen	Belad al-Ta'am, Ja'afariyah, Mazhar	6

## Annex (4): Local Authorities' Total Resources, Local Resources and Share of Common Revenues, and Support and Grants 2002-13

Year	Total Resources	Local Resources and Share of Common Revenues		Support and Grants	
		Amount	Percentage	Amount	Percentage
2002	120,908,299,112	14,207,796,940	11.76%	106,700,502,172	88.25%
2003	126,962,708,905	16,905,913,138	13.32%	110,056,795,767	86.68%
2004	148,308,866,715	19,471,478,908	13.13%	128,837,387,807	86.87%
2005	178,500,433,058	22,032,929,435	12.34%	156,467,503,623	87.66%
2006	209,316,681,321	25,194,874,130	12.04%	184,121,807,191	87.96%
2007	255,079,512,912	21,668,754,724	8.49%	233,410,758,188	91.51%
2008	318,305,790,165	23,502,819,437	7.38%	294,802,970,728	92.62%
2009	325,144,863,274	25,320,083,533	7.79%	299,824,779,741	29.21%
2010	325,525,829,784	28,127,210,135	8.64%	297,398,619,649	91.36%
2011	369,422,648,510	24,496,433,661	6.63%	344,926,214,849	93.37%
2012	446,120,198,589	25,727,515,728	5.8%	420,392,682,861	94.2%
2013	463,631,471,300	31,444,904,809	6.8%	432,186,566,491	93.2%





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