



Yemen Expert Workshop on Revenue Allocation and the Payment of Salaries –

25-27 October 2023

Summary and Recommendations

A. Introduction

As part of its work to support Yemen’s peace process, on 25-27 October 2023, the International Institute for Democracy and Electoral Assistance (“International IDEA”) organised an expert workshop in Tunis, Tunisia. The expert meeting was organised in the context of ongoing negotiations between the Kingdom of Saudi Arabia and Ansar Allah that began in 2022, and in the context of ongoing preparations to commence Yemeni-Yemeni negotiations.

The expert workshop’s objective was to discuss and offer recommendations relating to issues that are currently relevant to the peace process, including how the peace process should be organised, and how the allocation of revenue (particularly with a view to paying salaries) should be organised from an institutional point of view. Amongst other things, the workshop focused on how any agreement on the allocation of revenue should evolve over time, particularly as efforts are made to finance the payment of salaries through a combination of Yemeni sovereign sources. The workshop did not focus on the economic aspects of revenue allocation, which are being addressed in activities organised by other institutions.

The recommendations from the expert workshop are set out below. They are significant as they highlight a number of challenges that are likely to emerge from ongoing and future negotiations, and that negotiators and others should seek to address. The recommendations also offer some solutions to these challenges. The participants in the expert workshop reached consensus on all the recommendations and agreed to their publication.

The expert workshop was attended by independent Yemeni experts. Participants were selected purely based on their expert knowledge on areas that are relevant to the allocation of revenues and to the payment of salaries. The participants fell into three categories: (a) experts in economics; (b) experts in legal and constitutional affairs; and (c) political analysts. 50% of the participants were women. All of the participants engaged fully and contributed their weight and expertise to the discussion. The names and identities of the participants shall remain confidential to ensure that the focus remains on the substance of the recommendations rather than individual contributions.

International IDEA encourages all individuals who are involved in the peace process, including negotiators, Yemeni officials, international officials, civil society organisations, analysts and others to engage with the recommendations and to consider their impact. Questions and comments relating to the recommendations should be addressed to International IDEA at Info@idea.int.

The meeting was organised in cooperation with the United Nations' Office of the Special Envoy and with financial support from Germany's Federal Foreign Office.

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B. Recommendations

On how the peace process should evolve

1. **On the current negotiations between Saudi Arabia and Ansar Allah.** There is a concern on whether the outcome of the current negotiations will be implementable and whether it will be sufficiently binding on the parties. As a result, it is recommended that the United Nations' Office of the Special Envoy (OSE) should be formally involved in the negotiations. In particular:
 - (a) OSE should endeavour to include other Yemeni voices in the negotiations.
 - (b) OSE should provide technical expertise in drafting the agreement.
 - (c) OSE should be involved in the formal ceremony in which the agreement is announced (including any formal signature and adoption process that may occur).
2. **Consultations before Yemeni-Yemeni negotiations:** A comprehensive round of consultations should be organised to support Yemeni-Yemeni negotiations. In particular:
 - (a) The consultations should include a broad range of actors, including leading political groups, and other political and non-political communities throughout Yemen.
 - (b) The purpose of the consultations should be to determine which actors should participate in Yemeni-Yemeni negotiations, also what the substantive focus of the negotiations should be, and how the negotiations should be sequenced.
 - (c) The consultations should commence now, and should not be delayed until negotiations between Saudi Arabia and Ansar Allah are completed.
 - (d) The consultations' substantive scope should have a broad scope. The scope should include how Yemeni-Yemeni negotiations should be organised from a procedural point of view, what the agenda for those negotiations should be, what the main considerations should be in relation to each of the agenda items, etc.
3. **Objective of Yemeni-Yemeni negotiations:** In the immediate term, any attempt to negotiate a comprehensive peace agreement that resolves all or most disagreements has very little chance of success. As a result, the objectives of Yemeni-Yemeni negotiations should initially be limited to a number of key issues, including the following:
 - (a) Identifying actions that can be taken in the immediate term to make Yemen liveable, including improving the economic, opening roads and ports, etc.
 - (b) Identifying the general contours of how the country can be managed (including the possibility of forming a government of national unity).
 - (c) Identifying options for the form of the Yemeni state (including for example, whether a federal model should be adopted, or otherwise).

4. **On how the negotiations should be organised.** The integrity of Yemeni-Yemeni negotiations should be protected through a variety of means, including the following:
 - (a) Yemeni actors should have far more agency than in the past in determining how the negotiations should be organised. OSE should play a leading role in supporting that process.
 - (b) The negotiations should be hosted in a third country that is prepared to support the negotiations and that the parties agree to or in any country that has not participated in the conflict.
 - (c) The negotiations should be separated into different tracks, including political, economic and military/security tracks. Each of those tracks should be supported by a different third party (e.g. one or several states and/or international organisations). Significant effort will have to be made to ensure sustained regional and international support for each of the tracks.
 - (d) Track 2 organisations should support the negotiations. In particular, they should consult with a broad range of actors and ensure that their perspectives are taken into consideration during the negotiations. In order for that to be possible, track 2 organisations should work in close cooperation with the countries that are organising the negotiations, with OSE and with the negotiating parties.

Mechanisms for allocating revenues (and paying salaries)

5. **Revenue and the peace process.** As a matter of principle, Yemen's main political groups will only accept to allocate part of their own revenues to the payment of national level salaries if a clear framework for peace is reached. As a result, political negotiations are a condition sine qua non for any agreement on the allocation of revenue.
6. **Past salaries that are due.** Salaries should not be disbursed retroactively during the initial period. However, efforts to find solutions for how these salaries should be paid at a later stage should be prioritised.
7. **On timeframes.** Any arrangement that would involve financing the payment of salaries entirely or in part through Yemeni revenue will face a number of obstacles that will have to be negotiated, including the following:
 - (a) Significant effort must be made to identify what sources of revenue should be used to finance the payment of salaries, what proportions of that revenue should be used for that purpose, how the payment of salaries should be organised from a technical perspective, how the state's payroll should be unified, etc. As such, it is expected that any arrangement that would involve financing the payment of salaries entirely or in part through Yemeni revenue should be preceded by at least one year of negotiations.
 - (b) An agreement on the payment of salaries should be very clear that the arrangements are temporary in nature. The agreement should include a process to negotiate longer term arrangements.
8. **The state payroll.** Efforts to unify the state payroll will be complex and time consuming and should therefore commence as soon as possible. Those efforts should prioritise eliminating ghost employees and illegal dual employment from the state payroll. Mechanisms should also be identified to mitigate the risk that individuals who will have lost revenue from spoiling the process.
9. **On the sources of revenue.** As a matter of principle, revenues generated from the sale of natural resources should not be the only source revenue to finance the state's payroll. The

state's payroll should be financed by customs, taxes, revenues generated by the telecommunications sector, and other sovereign resources.

10. **Currency.** Salaries should be disbursed in the currency that is circulating in each part of the country. In addition, the difference between the respective currencies' value should be taken into consideration, in accordance with a mechanism that should be determined by the Economic Committee. As soon as it is formed, the Economic Committee should immediately identify how Yemen's currency should be unified, with a view to implementing that mechanism at a later stage.
11. **International support.** Negotiations relating to the allocation of Yemeni revenue to the payment of salaries should receive international support. In particular, third party countries and institutions that have remained independent from the conflict, that have significant financial expertise and that have an interest in supporting Yemen's peace process should be invited to provide support.

Economics committee

12. **Mandate and responsibilities.** The economics committee should be the main decision making body on matters relating to the payment of salaries. The economics committee should also lay the groundwork for expanded cooperation between the parties.
13. **Timeframe.** The current environment is conducive to making progress on the payment of salaries, amongst other issues. As a result, the Economics Committee should be formed immediately after an agreement is reached on the payment of salaries to take advantage of the current opportunity.
14. **Composition.** The Economics Committee's members should include an equal number of members from the two parties, as well as a neutral chairperson who should be agreed upon by the parties and who should be an expert in economics. Each party shall determine who shall represent it in the committee. All of the members should be economics and finance experts. The Committee's membership should be inclusive and should include approximately 50% women.
15. **Decision-making.** Any decision that will be taken by the Committee will have to be implemented by the parties, which means that the Committee's decisions will have to be accepted by the two sides. The Committee will therefore have to consult with the two sides before taking decisions, which also means that it will serve as a negotiation forum between the two sides on issues. As a consequence, the Committee's internal processes should be kept flexible. Its decision making process should be that all decisions should be adopted through consensus.
16. **External support.** As noted above, the Economics Committee should benefit from international support. This should include support from regional and international experts from countries that were not involved in the conflict and/or from international organisations. It should also involve training on negotiation skills, given that much of the Committee's work will involve negotiating between the two sides.

Oversight and supervision

17. **Establishment and objective.** A clear oversight mechanism should be provided for in the agreement on the payment of salaries. The mechanism should be established as soon as the agreement is signed. The oversight mechanism's objective should be to:
 - (a) Ensure that salaries are paid to the individuals who are entitled to them;

- (b) Ensure the sustainability of their disbursement;
 - (c) Enhance trust between the parties; and
 - (d) Establish some form of transparency.
18. **Composition.** The oversight committee should be formed by both parties. It should also involve local and external experts and institutions. It should rely on and support the role of existing oversight institutions.
19. **Mechanisms.** Oversight will take place in part through the manner in which salaries are disbursed. In particular:
- (a) The manner in which salaries are disbursed should be easy to track and review. Salaries should be disbursed through existing procedures and should take place through the postal service and through banks.
 - (b) The amount for the agreed-upon period is deposited into an escrow account, and salaries are paid monthly to facilitate monitoring and repair of errors, so that the payment of subsequent salaries is conditional on correcting errors.
 - (c) Details relating to military and security should not be disclosed throughout this process given the sensitivities that this may cause.
20. **Transparency.** A number of measures should be established to increase transparency, including the following:
- (a) The Economic Commission should publish periodic data on salary disbursement (amounts, sectors, governorates, number of beneficiaries), which enhances transparency and allows popular (and union) oversight.
 - (b) A mechanism should be established to receive complaints and monitor violations (including through traditional means, through a website, an application, etc.).
21. **International oversight.** There should also be international oversight by the international community, including by donors.

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