

Conference Paper

The Importance of Good Governance on Achieving Sustainable Development Case Study: Yemen

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Abstract

Governance has become one of the most important concepts in developing countries. Consequently, many countries are trying to pursue good governance and adoption according to the established concept of governance in order to achieve the desired sustainable economic growth and development. Yemeni economy has been in deep recession due to Saudi alliance war since March 2015. Once the war stops, restructuring economy required a new development approach with firm and well define good governance principles aiming to achieve Sustainable Development goals.

Yemen as one of the least developing country, not all of its efforts to move ahead economically have been successful. There is more than one reason for its failure to achieve sustainable economic development, but one is absence of good governance. International organizations, donors, and researchers have prescribed good governance as a solution to persistent development problems. This paper is an attempt to enrich this subject, at least in part, by examining the value of adopting good governance on achieving sustainable development.

Based on research findings and learning from other countries experience, development progress and challenges, general framework to implement good governance has been recommended to be consider in the future national development agenda to tolerate achieving sustainable development. Building human capacity is one of the key requirements needed to make a qualitative shift towards sustainable development. The current situation of sustainable development and governance in Yemen as a case study has been reviewed in an explanatory methodologies using regional statistics and global database such as UN organizations, World Bank, HDI, SDGs and Governance indicators to examine the progress made over the last decade. Paper recommended practical steps and actions to be taken to help the official government to reform the current institutional arrangements at the regional as well as national levels, such as adopt governance principles, long term planning, and establishing "High Councils for good governance" to ensure integrated policy formulation, adequate cooperation and coordination among different government entities, and between the government and non-state stakeholders. These recommendation and result have been presented to the Yemeni official government and economic institutions aiming to be integrated in the reform strategies, in particular in the Yemen National Development Strategy (2030). Based on research findings and learning from other countries experience, development progress and challenges, general framework to implement good governance has been recommended to be consider in the future national development agenda to achieve sustainable development.

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1. Introduction

The theme of sustainable development over the past years has attracted international attention. The international summits and forums have been held for this purpose, notably the Johannesburg Summit held in South Africa in 2002 [24] and recently at a historic international summit in September 2015. The world leaders adopted the 17 sustainable development goals of the "2030 Sustainable Development Plan" formally implemented and operational in January 2016 for the next 15 years [25]. Assumptions had been made that, for new universally applicable goals, countries will work to mobilize efforts to eradicate poverty in all its forms, combat inequality and address climate change, while ensuring that all are included. Although sustainable development objectives are not legally binding, governments are expected to take ownership and develop national frameworks to achieve them.

Global governance refers to 'government-like' activities in the international system. It is performed by panoply of constantly-changing institutions, including international law, international and regional organisations, and NGOs [12]. Governance has become one of the most important concepts in both developed and developing countries. Consequently, many countries, especially in the developing world, are trying to pursue good governance and adoption according to the established concept of governance in order to achieve the desired sustainable economic growth and development.

The high level of governance is an important issue in any development debate because it is linked to economic growth. Kaufmann and Kraay (2002) argued that governance quality and economic growth are positively related. Based on the world-wide governance indicators (WGI) evaluation from 1996 to 2002, they found that "per capita incomes and the quality of governance are strongly positively correlated across countries" [11]. Moreover, the studies conducted by the World Bank (2018) show the relationship between good governance and high per capita national income [28]. However, even as a measurement of wealth, GDP leaves a lot to be desired. It does not

consider levels of inequality within a country -- whether it be the gap between the rich and poor or any instances of social or political discrimination. It also does not consider the methods of the creation or accumulation of wealth, such as the detrimental effects of the exploitation of natural resources. In this regard, GDP does not measure a standard of living at all -- it should instead be seen as a measure of economic activity [14]. The adoption of the main standards of transparency and clarity leads to better use of local resources, however there is a gap of studies in the subject of this paper related to Yemen.

Yemen, like other countries in the world, was not immune from resorting to these multi-faceted and comprehensive reforms of all sectors. It is living a new system and policies in economic policies and ideas. Developments ideas have been approaches, included resorting to free economic policies by adopting market mechanisms and entering into a market economy. It has become imperative to keep pace with global developments in various social, economic and political fields. This was reflected in the transformations that Yemen experienced, especially after the unification of Yemen in 1990 to the pre-war Arab alliance in March 2015 [31].

The economy, which was already fragile, weakened further as a result of disruption to oil production and other economic activities. Since 2014, the Yemeni economy has been in a deep recession that has only worsened. 2017 GDP contracted to -5.9 %, from 7.7% in 2010 GDP [30]. Other 2017 key economic indicators include a 13.7% industrial production growth rate, a 7.425 million people work force, over 25% unemployment, more than 75% of the population below the poverty line, 16.5% of GDP collected through taxes, a -6.9% of GDP budget deficit, 135.5% of GDP in public debt, and a 20% inflation rate. Additionally, Yemen ranks 168th in the UNDP's Human Development Reports and 178th out 180 countries [22] in Transparency International's 2017 Corruption Perceptions Index with a score of 14/100 [30] (Table 1).

Economic prospects for Yemen in 2018 and beyond will critically depend on rapid improvements of the political and security situation, and ultimately whether an end to the ongoing conflict will allow for rebuilding the economy and social fabric (Table 2). If violence can be contained by late 2018, GDP is projected to begin to recover in 2019, with double-digit GDP growth. More reconstruction project and strategic plan in place to reconstrue and develop Yemen which need to consider governance as a requirement for and an outcome of sustainable development policies [29].

TABLE 1: Yemen Key Economic Indicators (Source: [30]).

Indicator	1990	2000	2010	2017
Population, total (millions)	12.06	17.87	23.61	28.25
Population growth (annual %)	4.5	2.8	2.7	2.4
Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population)	..	7.4	..	18.8
GNI, Atlas method (current US\$) (billions)	6.62	7.42	27.87	34.42
GNI per capita, Atlas method (current US\$)	500	420	1,18	1,25
People				
Life expectancy at birth, total (years)	58	60	64	65
Fertility rate, total (births per woman)	8.6	6.3	4.7	4.0
Economy				
GDP (current US\$) (billions)	5.65	9.65	30.91	31.27
GDP growth (annual %)	6.3	6.2	7.7	-5.9
Inflation, GDP deflator (annual %)	12.0	23.6	23.6	19.7
Agriculture, forestry, and fishing, value added (% of GDP)	24	14	8	6
Industry (including construction), value added (% of GDP)	34	46	44	42
States and markets				
Time required to start a business (days)	..	73	13	41
Domestic credit provided by financial sector (% of GDP)	51.8	5.3	19.5	..
Tax revenue (% of GDP)
Military expenditure (% of GDP)	6.2	4.4	4.7	5.0
High-technology exports (% of manufactured exports)	..	0	0	5
Statistical Capacity score (Overall average)	49	44

Source: World Development Indicators database (World Bank, 2018b)

2. Relevance of the Study

Yemen is a low-income country that faces difficult long-term challenges to stabilizing and growing its economy, and the current conflict has only exacerbated those issues. Prior to the escalation of conflict in 2015, development in Yemen was strained. A country of 30 million people, Yemen ranked: (a) 153rd on the Human Development Index (HDI); (b) 138th in extreme poverty; (c) 147th in life expectancy; (d) 172nd in educational attainment; and, (e) was in the World Bank low-middle income category. Projections suggest that Yemen would not have achieved any of the Sustainable Development Goals (SDGs [18]) by 2030 even in the absence of conflict [19]. The ongoing war has halted Yemen's exports, pressured the currency's exchange rate, accelerated inflation, severely limited food and fuel imports, and caused widespread damage to infrastructure. At least 82% of the population is in need of humanitarian assistance. Prior to the start of the conflict in 2014, Yemen was highly dependent on declining oil resources for revenue. Oil and gas earnings accounted for roughly 25% of GDP and 65% of government revenue [31].

TABLE 2: Macro Poverty Outlook Indicators- (Source: [30]).

TABLE 2 Yemen Arab Republic / Macro poverty outlook indicators		(annual percent change unless indicated otherwise)				
	2015	2016	2017 e	2018 f	2019 f	2020 f
Real GDP growth, at constant market prices	-37.1	-34.3	-13.8	-0.5	17.9	16.3
Private Consumption	-29.3	-27.5	-8.9	-0.8	6.6	3.4
Government Consumption	-26.0	-23.0	-37.1	26.1	0.7	12.7
Gross Fixed Capital Investment	-85.2	-39.6	9.3	220.2	33.8	15.2
Exports, Goods and Services	-68.1	-78.5	43.2	196.8	81.4	55.4
Imports, Goods and Services	-45.1	-20.5	-1.1	55.9	12.1	10.1
Real GDP growth, at constant factor prices	-37.6	-35.0	-13.6	0.5	19.4	17.8
Agriculture	-34.9	-31.4	-15.0	-5.0	11.0	9.0
Industry	-43.1	-43.4	-9.6	1.0	22.1	25.8
Services	-34.9	-31.4	-15.0	3.3	22.2	17.3
Inflation (Consumer Price Index)	61.4	-20.3	4.9	23.0	20.0	7.5
Current Account Balance (% of GDP)	-6.5	-5.2	-1.0	-6.5	-3.8	0.3
Fiscal Balance (% of GDP)	-11.5	-16.5	-7.6	-14.0	-8.6	-2.7
Debt (% of GDP)	72.7	128.0	141.8	130.9	98.5	84.7
Primary Balance (% of GDP)	-3.4	-7.3	-7.2	-7.7	-1.9	1.7
International poverty rate (\$1.9 in 2011 PPP)^{a,b}	50.0	76.3	82.9	83.9	78.9	73.6
Lower middle-income poverty rate (\$3.2 in 2011 PPP)^{a,b}	79.7	92.2	94.7	95.1	92.9	90.5
Upper middle-income poverty rate (\$5.5 in 2011 PPP)^{a,b}	93.5	98.2	99.0	99.1	98.4	97.8

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.
 Notes: e = estimate, f = forecast.
 (a) Calculations based on 2014-HBS. Nowcast: 2015 - 2017. Forecast are from 2018 to 2020.
 (b) Projection using neutral distribution (2014) with pass-through = 1 based on GDP per capita in constant LCU.

Yemen as a developing country, not all of its efforts to move economically ahead have been successful. There is more than one reason for its failure to achieve sustainable economic development, but one is absence of good governance. International organizations, donors, and researchers have prescribed good governance as a solution to persistent development problems. However, in Yemen specifically, no single study on this subject has yet been carried out according to the researcher knowledge. This proposal is an attempt to fill this gap, at least in part, by examining the impact of governance on sustainable economic development.

Despite the efforts made by the Arab countries, including Yemen, economic development to be achieved through the promotion of good governance, openness and integration with the global economy. In order to achieve comprehensive development, a series of effective measures must be taken in order to achieve the demands of democracy and transparency, sustainable development and its goals [1].

Based on the above, the main problem of research can be formulated in the following:

What is the importance of implementing Governance principles on achieving the Sustainable Development in Yemen?

Research hypothesis is "There is a positive impact of good governance concept on sustainable development" To facilitate and highlight the problem this paper aims to answer the following questions:

1. What is the status of sustainable development and Governance in Yemen?

2. Assess the implications of good governance adoption on the dimensions of sustainable development?
3. What are the major obstacles and challenges to sustainable development and good governance in Yemen?

3. Sustainable Development concept

A definition of sustainable development (SD) can be "to meet the basic needs of people today without ruining the chances of future generations to do the same". Sustainable development means different things to different people/groups. The most widely held definition is that of the Brundtland Commission Report [3], which stated we must "*meet the needs of the present without compromising the ability of future generations to meet their own needs*". In other words, when people make decisions about how to use the Earth's resources such as forests, water, minerals, gems, wildlife, etc., they must take into account not only how much of these resources they are using, what processes they used to get these resources, and who has access to these resources. Are enough resources going to be left for your grandchildren to use and will the environment be left as you know it today.

Although the concept of sustainable development may be newly understood, it does not represent a pure modern, but it has existed since ancient times, as the reality of the emergence of this concept is linked to the production systems and consumption models used and resulting in obvious damage to scarce resources and biological and cultural diversity. The cost of neglecting the environment and irrational resources exploitation is so high for the current generation and more for the future generations.

In the next table the historical evolution explicit of this concept through several world leader summits and conferences [19].

In conclusion, sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- The concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and
- The idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs.

Thus, the goals of economic and social development must be defined in terms of sustainability in all countries developed or developing, market-oriented or centrally

TABLE 3: The Historical Evolution Explicit of SD Concept Through Several World Leader Summits and Conferences since 2000 (source from [20], collected by the Author).

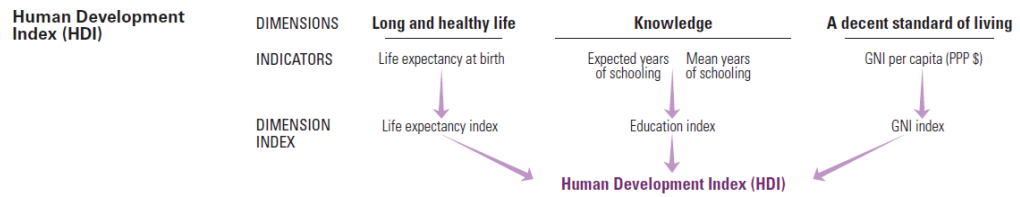
Event Name	Purpose or Agenda	Key Outcomes
The Millennium Declaration (2000)	The Declaration committed nations to a new global partnership to reduce extreme poverty and set out a series of eight time-bound targets – with a deadline of 2015 – that have become known as the Millennium Development Goals (MDGs).	UN Millennium Declaration (MDG, 2015)
World Summit on Sustainable Development - Johannesburg (2002)	The Conference reviewed the challenges and opportunities that could affect the prospects for achieving sustainable development and the progress made in the implementation of Agenda 21.	Johannesburg Summit (Plan of actions)
Addis Ababa Action Agenda of The Third International Conference on Financing for Development	The meeting agreed to work to finance and create an enabling environment at all levels for sustainable development, in a spirit of partnership and solidarity at the global level.	Addis Ababa Action Agenda, 2015
Transforming our world: the 2030 Agenda for Sustainable Development.	This Agenda is a plan of action for people, planet and prosperity. including its 17 Sustainable Development Goals (SDGs) and 169 targets was adopted on 25 September 2015.	The Global Goals 2030 (UN, 2016)
Our Ocean, Our Future: Call for Action (2017)	Support the implementation of SDGs #Goal_14 of the SDGs 2030 to affirm our strong commitment to conserve and sustainably use our oceans, seas and marine resources for sustainable development	

planned. Interpretations will vary but must share certain general features and must flow from a consensus on the basic concept of sustainable development and on a broad strategic framework for achieving it.

The UNDP indices are amongst the most commonly cited development indicators, and the most widely used are the Human Development Index (HDI), the Gender Development Index (GDI) and the Human Poverty Index (HPI) (Table 4). The Human Development Index (HDI) implemented by UNDP is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and have a decent standard of living. The HDI can also be used to question national policy choices, asking how two countries with the same level of GNI per capita can end up with different human development outcomes. These contrasts can stimulate debate about government policy priorities. [7].

Of course, the HDI has its limitations. It omits several factors that can have a significant influence on quality of life, such as environmental degradation. Industrial pollution and deforestation, for example, can lead to complex health problems (e.g. lymphatic filariasis) or mental health conditions that do not necessarily have an impact on mortality rates, but which can severely impair one's mobility or quality of living [14].

TABLE 4: Human Development Indicators (Source: [8]).



UNSDSN plotted the HDI vs SDGs and show a linear relationship between both indices, however in this research both indices have been used [26] (Figure 1).

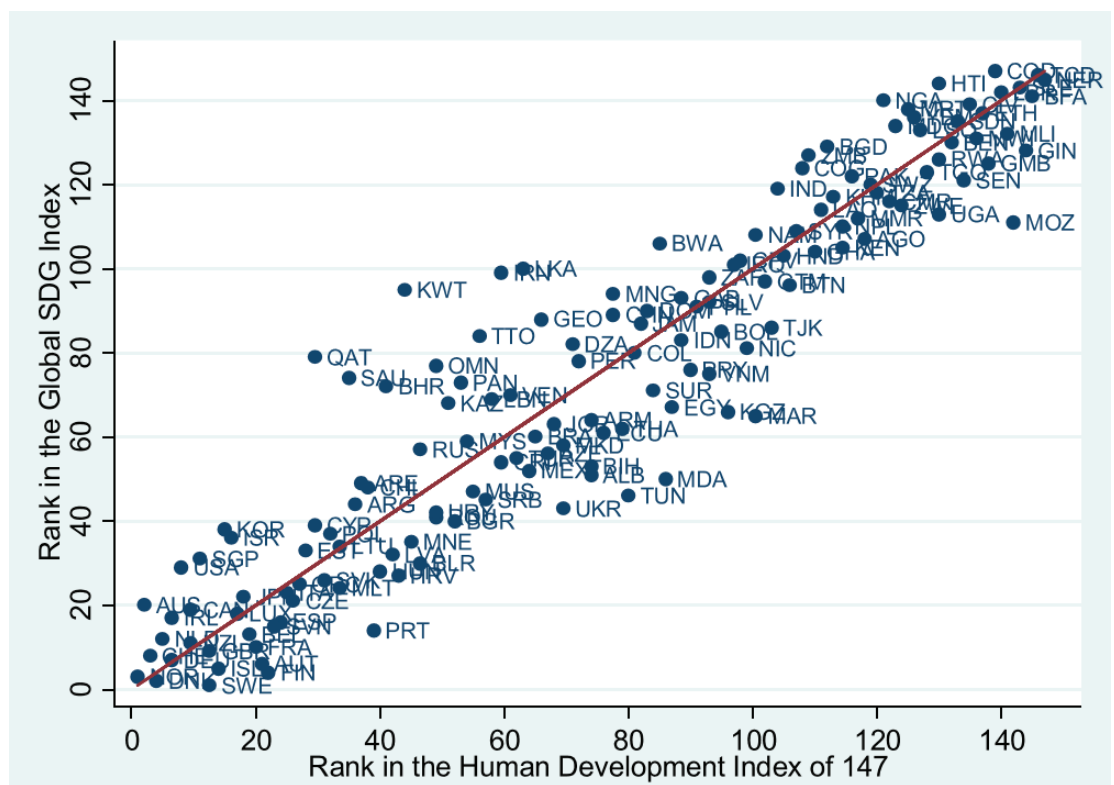


Figure 1: Comparison of rankings by Global SDG Index and by Human Development Index (Source [26]).

4. Governance Concept

Given that the term "governance" means different things to different people. Among the many definitions of "governance" that exist, the one that appears the most appropriate from the viewpoint of the UNDP is "the exercise of economic, political and administrative authority to manage a country's affairs at all levels. It comprises mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences" [19].

According to the World Bank, governance is "the manner in which power is exercised in the management of a country's economic and social resources for development." [9]. On this meaning, the concept of governance is concerned directly with the management of the development process, involving both the public and the private sectors. It encompasses the functioning and capability of the public sector, as well as the rules and institutions that create the framework for the conduct of both public and private business, including accountability for economic and financial performance, and regulatory frameworks relating to companies, corporations, and partnerships. In broad terms, then, governance is about the institutional environment in which citizens interact among themselves and with government agencies/officials [9]. Malito has summarized the governance definitions introduced by several organization in (Table 5) [15].

TABLE 5: Definitions of Governance (Source: [15]).

Institutions	Definitions	Characteristics
EC	'Governance represents both the rules, process, and behaviour that affect the way in which powers are exercised at the European level, particularly as regard to openness, participation, accountability, effectiveness and coherence' (European Commission, 2001).	
WB	Governance concerns 'the traditions and institutions by which authority in a country is exercised. This includes (a) the process by which governments are selected, monitored and replaced; (b) the capacity of the government to effectively formulate and implement sound policies; and (c) the respect of citizens and the state for the institutions that govern economic and social interactions among them' (Kaufmann, Kraay, & Mastruzzi, 2011, p. 222).	Input (Process and Structure)
OECD	'Governance is the exercise of political, economic and administrative authority necessary to manage a nation's affairs' (OECD, 2014).	Input (Process)
UN	In the community of nations, governance is considered "good" and "democratic" to the degree in which a country's institutions and processes are transparent' (United Nations, 2014).	Input (as Quality of institutions and Process)

Theoretically, governance is generally understood as a form of rule without formal government [16], i.e. as a set of regulatory mechanisms implemented without the classical tools of state regulation. However, the literature does not agree on whether governance is a process or a structure, neither whether it should be operationalised through input nor output indicators.

In a nutshell, good governance refers to the public administration process that maximizes public interest. One of its essential features is that it is a kind of collaborative management of public life performed by both the State and the citizens and a new relationship between political State and civil society, as well as the optimum state of the two. Keping (2018) summarize all the perspectives on good governance and its impact on sustainable development in the following six essentials [13]:

1. *Legitimacy* It refers to the state or quality that social order and authority are voluntarily recognized and obeyed. The higher the degree of legitimacy is, the higher the level of good governance will be. The principal approach to achieving and improving legitimacy is to maximize the consensus and political identity shared by citizens.
2. *Transparency* It refers to the publicity of political information. All citizens are entitled to the information on State policies that are related to their own interests, including legislative activities, policy-making, legal provisions, policy enforcement, administrative budget, public expenditure and other relevant political information. The higher the degree of transparency is, the higher the level of good governance will be.
3. *Accountability* means holding every person accountable for his or her own behavior. In public administration, it refers in particular to the duties related to a certain position or institution and its corresponding obligations. Accountability means that administrators and administrative bodies must fulfill the functions and obligations of the positions they hold. If they fail to fulfill their bounden functions or duties, or if they do so in an inappropriate manner, their conduct constitutes dereliction of duty or lack of accountability.
4. *Rule of law* Essentially, rule of law means that law is the supreme principle in public political administration that should be observed by all government officials and citizens, who should be all equal before the law. Rule of law is a basic requirement of good governance, which would be impossible without a sound legal system, due respect for the law or a social order based on the law.
5. *Responsiveness* is closely associated with the aforementioned concept of accountability. In a sense, it is an extension of accountability. Essentially, it means that public administrators and administrative bodies must respond to the demands of citizens in a timely and responsible manner, and that it is forbidden to make delays without cause or leave any issue unresolved without response. The greater the level of responsiveness is, the higher the level of good governance will be.
6. *Effectiveness* It mainly refers to management efficiency. It has two essential meanings: rational administrative structure, scientifically designed administrative procedures and flexible administrative activities; and minimized administrative costs. The higher the level of good governance is, the higher the effectiveness of administration will be.

In this research, data obtained from World Governance Index [27] and Bertelsmann Stiftung's Transformation Index [4] to fulfil the research objectives.

5. Research Methodology

Based on the previous objectives, Case Study Methodology has been used to capture the complexity of our single case, aiming to give interpretations and proof of hypotheses. Yemen sustainable economic development and governance is selected as a case study in virtue of being somehow, unique and extreme (the most least developed county in the Arab world) [29], of which has also an intrinsic interest aiming to understand the reason behind its critical economic situation and poor governance, however it has wide spectrum of natural resources and need to plan sustainability for the future.

Explicative research strategy used in this research, of which describe the current situation and history of the case, but simultaneously take account of the context, and so encompass many variables and qualities (i.e. HDI, SDGs, Governance) with focus on contemporary events (i.e. sustainable development) [10].

Several tool and technique used to fulfill the objectives, starting with literature review, descriptive approach, but cannot be limited to the theoretical side. Moreover, present and analysis related economic facts using primary data obtained from thrusted international statistical database as well as official national data issued by Yemeni Central Bureau of Statistics.

6. Findings

Current situation of sustainable development in Yemen has been reviewed using national and global database and statistics such as HDI and SDGs to examine the progress made over the last decade, similarly governance indicators has been derived from WGI and BTI. One of the difficulties is a shortcoming of significant data in national report in regard of SDGs and Governance indices.

Therefore, the official data were not used directly from national statistical agencies due to problems in comparability (different method used to calculate the indicators), quality, and availability of time series.

6.1. Yemen's HDI value and rank

Yemen's HDI value for 2017 is 0.452--- which put the country in the low human development category--- positioning it at 178 out of 189 countries and territories. Between 1990 and 2017, Yemen's HDI value increased from 0.399 to 0.452, an increase of 13.3 percent. Table 6 reviews Yemen's progress in each of the HDI indicators. Between 1990 and 2017, Yemen's life expectancy at birth increased by 7.3 years, mean years of schooling increased by 2.7 years and expected years of schooling increased by 1.5 years. Yemen's GNI per capita decreased by about 54.5 percent between 1990 and 2017 (Figure 2) [7].

TABLE 6: Yemen's HDI trends based on consistent time series data and new goalposts (Source: [7]).

Year	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1990	57.9	7.5	0.3	2,726	0.399
1995	59.3	7.6	0.7	2,891	0.415
2000	60.4	7.9	1.2	3,583	0.443
2005	61.9	8.7	1.9	3,741	0.474
2010	63.5	8.6	2.6	4,227	0.498
2015	64.7	9.0	3.0	2,229	0.483
2016	65.0	9.0	3.0	1,480	0.462
2017	65.2	9.0	3.0	1,239	0.452

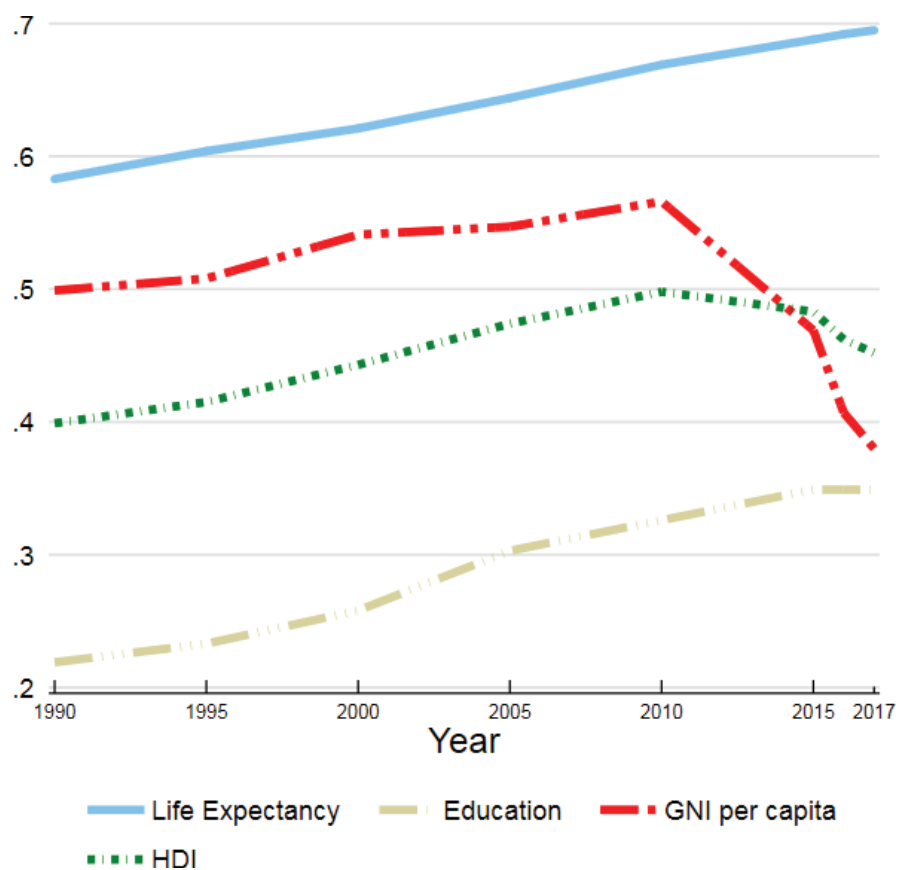


Figure 2: Trends in Yemen's HDI Component Indices 1990-2017 (Source: [7]).

The human development progress, as measured by the HDI, can usefully be compared to other countries. For instance, during the period between 1990 and 2017 Yemen, Morocco and Sudan experienced different degrees of progress toward increasing their HDIs (see Figure 3).

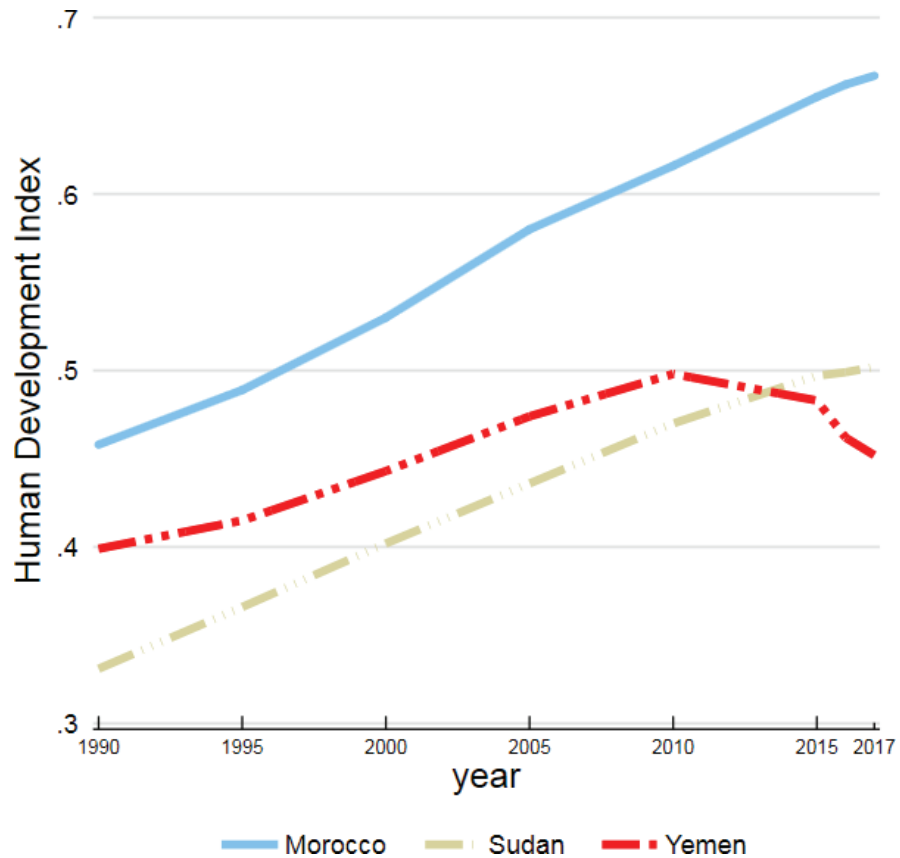


Figure 3: HDI trends for Yemen, Morocco and Sudan, 1990-2017 (Source [8], 2018 p 3).

From Arab States, countries which are close to Yemen in 2017 HDI rank and to some extent in population size are Djibouti and Sudan, which have HDIs ranked 172 and 167 respectively [7] (see Table 7).

TABLE 7: Yemen's HDI and component indicators for 2017 relative to selected countries and groups (Source [7]).

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Yemen	0.452	178	65.2	9.0	3.0	1,239
Djibouti	0.476	172	62.6	6.2	4.1	3,392
Sudan	0.502	167	64.7	7.4	3.7	4,119
Arab States	0.699	---	71.5	11.9	7.0	15,837
Low HDI	0.504	---	60.8	9.4	4.7	2,521

6.2. Sustainable development goals indicators

Implementation of sustainable development goals in Yemen and other Arab developing countries is a challenging endeavor due to the multiple goals and their wide-ranging and interrelated targets [23]. Based on the SDGs indicators database [18], Yemen score only 45 out of 85, which consider in the lower side of SDG score or more challenges remain (Table 8).

TABLE 8: Yemen's SDGs index score for 2018 relative to selected countries (Source: SDG index, 2018).

Countries	SDG Global rank	Global index score	Global index score	Regional avg. score	GDP
Yemen	152	45.7	- 26.4% than region average	62.1	\$2,325.1
Sudan	143	49.6	- 6.1% than region average	52.8	\$4,386.4
Morocco	77	66.3	+ 6.8% than region average	62.1	\$7,285.9
Algeria	68	67.9	+ 9.3% than region average	62.1	\$13,921.2

6.3. Governance indicators

To ascertain whether governance is 'good', Governance principles based on World Governance Index (Figure 4) [27] and Bertelsmann Stiftung's Transformation Index [4] of which analyzes and evaluates whether and how developing countries and countries in transition are steering social change toward democracy and a market economy, the BTI shows poor governance score in Yemen (1.7 out of 10 and rank 127 out of 129), more worse it is decreasing with time in the last decade 2007 and 2017 (Figure 4).

The relationship between the Governance and Sustainable development can be obviously predicted from the global trend in (Figure 6) where it shows positively strong relationship and in color the Arab region with different HDI score.

Yemen progress in term of Sustainability and Governance comparing to Sudan and Morocco progress during the last decade (2006 to 2018) as shown in (Figure 7) based on [4]. It is obvious that, when governance trend increases (i.e. Morocco & Algeria) the sustainable development increases and vice versa in case of Yemen and Sudan.

Based on the research findings, improved governance is a must for Yemen for more progress toward SD. Adopting more transparent, accountable, and participatory approaches in the formulation and implementation of policies enhances the confidence of the public in the government and creates a sense of ownership on the part of

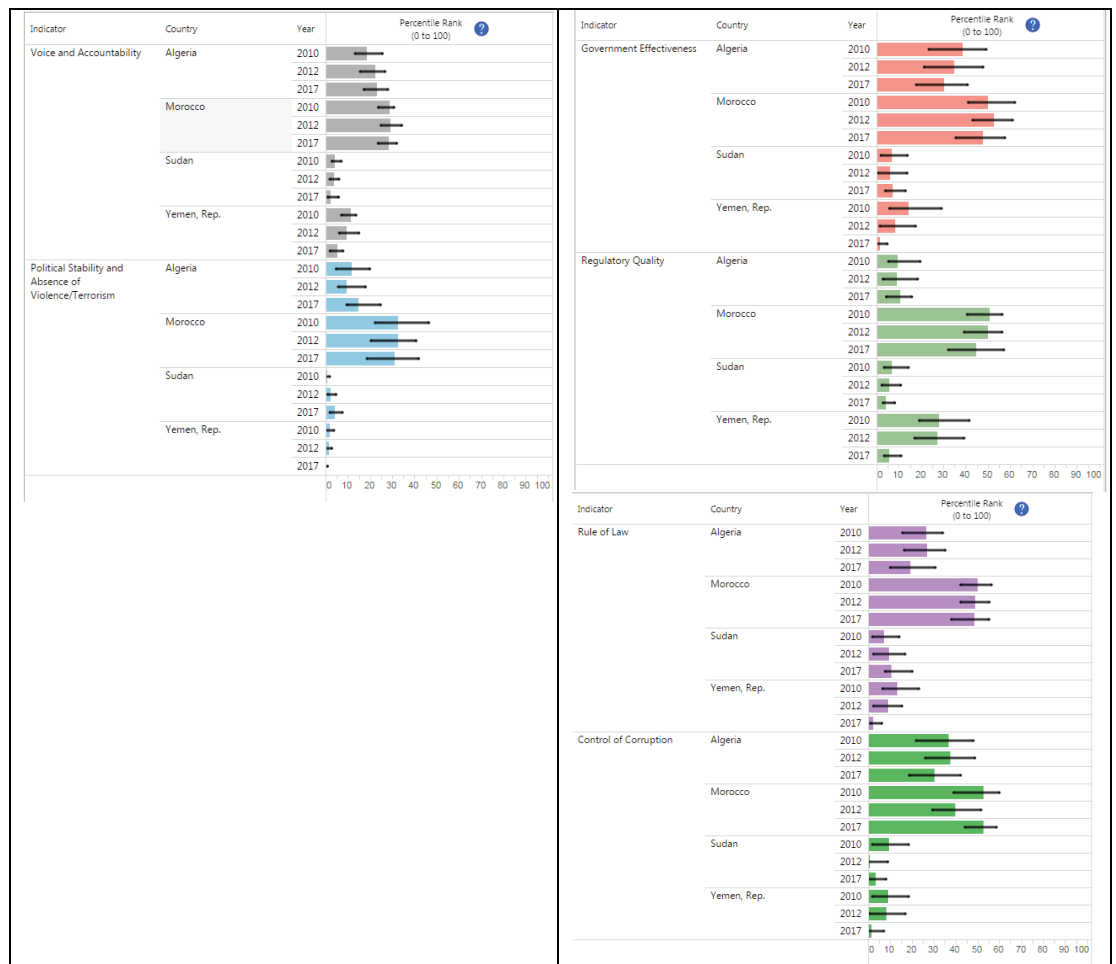


Figure 4: Yemen's World Governance indicators relative to selected countries (Source: [27]).

citizens, thus contributing to a more positive attitude towards the government. This ultimately contributes to increased productivity and a more efficient use of resources. Good governance may therefore be regarded as a requirement for and an outcome of sustainable development policies.

7. Recommendation

For development to be sustainable - economically, socially and environmentally -- and equitable, a new approach is needed that addresses the political, as well as the technical, aspects of development solutions based on significant improvement in governance principles mainly in Legitimacy, Transparency, Accountability, Rule of law, Responsiveness, Effectiveness.

The strongest endorsement of the importance of governance as a development outcome for the 2030 agenda came from a series of data analysis from national and

BTI 2018 | Yemen Country Report

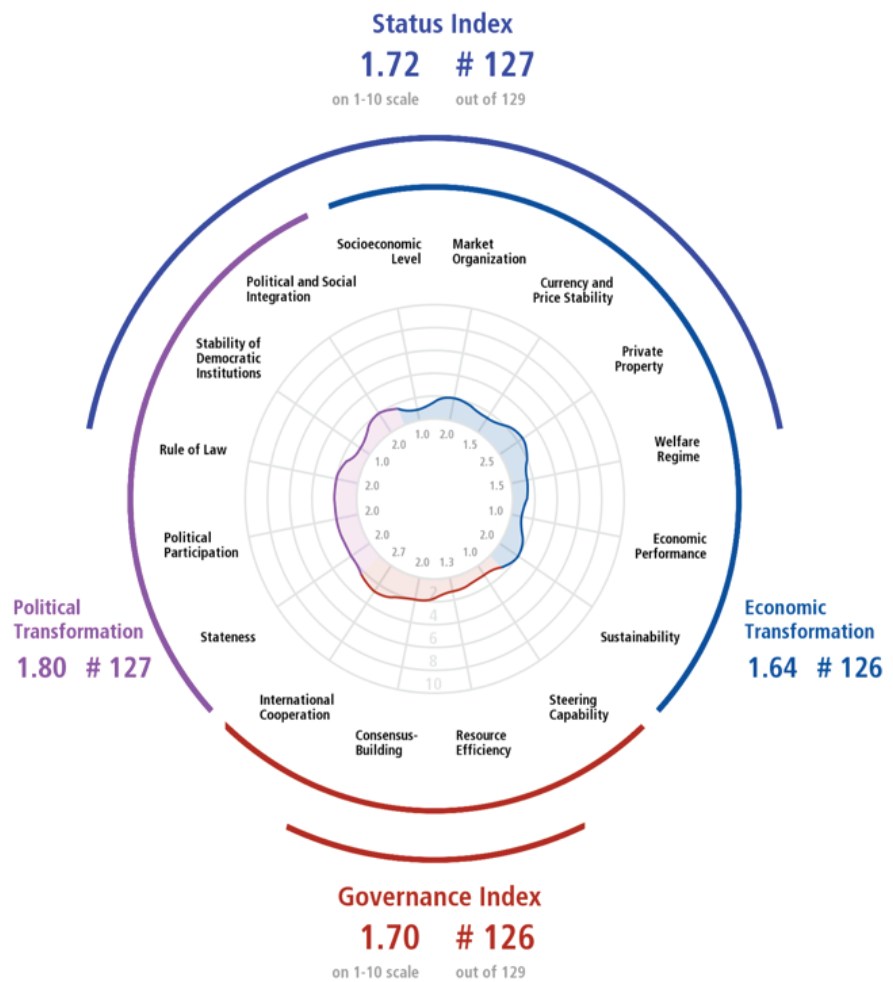


Figure 5: Yemen country Transformation Report (Source: [4]).

international sources. However, in the following section some necessary recommendations are needed for achieving the SDGs in Yemen, covering strategies, policies, planning and governance, those include:

7.1. Long-term strategies and medium-term plans

Developing a long-term strategy with a clear vision, action plan, and indicators is an essential requirement for achieving sustainable development. Water, energy and food security continue to be among the main challenges facing Yemen.

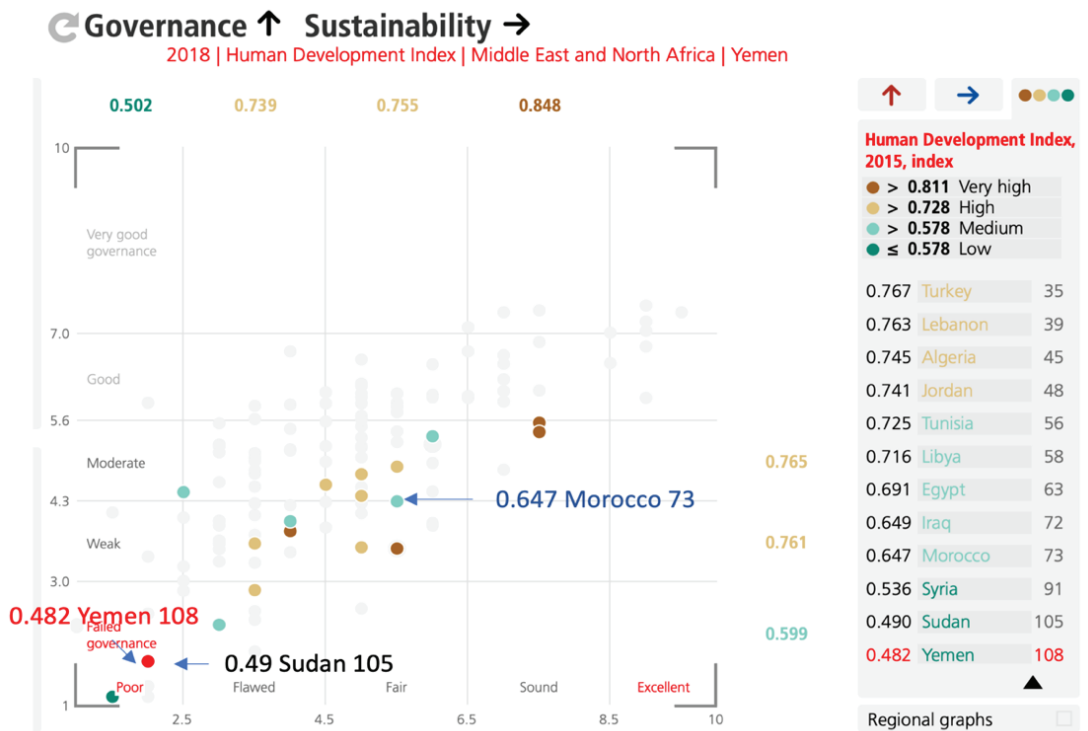


Figure 6: Overall Governance and Sustainability shows positive relationship (Arab region presented in color dots) [4].

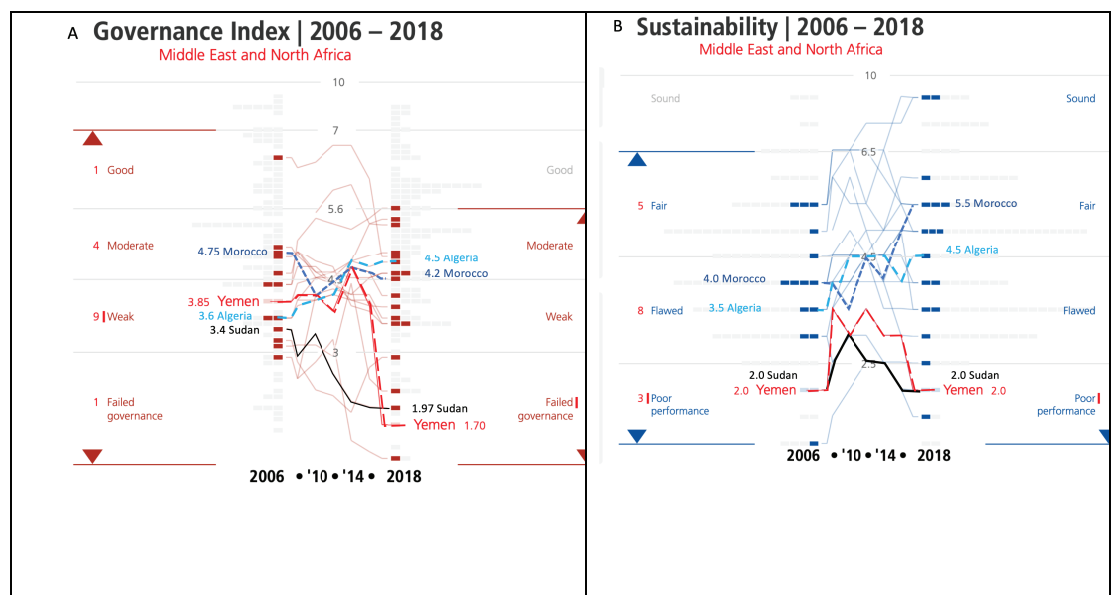


Figure 7: a) Yemen's Governance score over time, b) Sustainability progress over time with relative selected countries [4].

7.2. High council for good governance

In order to ensure proper integration of policies and coordination between sectoral policies, policy coherence, as well as monitoring and follow up, it is proposed that a

High Council for Good Governance attached to either the Head of State or the Prime Minister is established. It is proposed that such an entity includes the membership of all ministries. This body should function in tandem with another entity that represents the private sector, industry, academia and civil society, and minority groups. The main mandate of this institution will be to ensure integrated policy formulation, adequate cooperation and coordination between different government entities, and between the government and all other stakeholders in the country. It will also be responsible for overseeing and assessing the implementation of the proposed overall strategy, and related action plans and programs, suggest corrective or remedial actions as may be required, and ensure adequate communication between the government, the general public, the private sector and civil society.

7.3. Implement good governance principles

Good governance represented mostly in national institutions that function in an effective and efficient, transparent and accountable manner are necessary for achieving sustainable development in Yemen. These are lacking in most Arab countries not only in Yemen, thus requiring corrective actions and reform in the existing institutional set-ups of governments. Lack of public participation, transparency and accountability represent some of the main constraints for the development and implementation of strategies, policies, and action plans.

In practice, improving governance requires action in a wide range of areas, not all of which can be addressed at once, and not all can be the subject of a global consensus. The key elements to be consider as following:

7.3.1. Develop a unified advocacy program of good governance for public and private sectors in Yemen

1. Establish good governance guide for all organisation levels of public service
2. Launch a governance code of conduct and training program for public, private sector staff.
3. Time-bound monitoring and evaluation plan to track and assess the efficiency of good governance implementation.

7.3.2. Effective, responsive and accountable state institutions

Improve state capacity (the quality of public administration) [5], or the ability of states to form and implement policy across the whole of their territory, is an essential prerequisite for sustainable development through decentralize government.

7.3.3. Openness and transparency -- public access to information

More openness and transparency in all institutions to achieve sustainable development. With more focus on the informed citizens and the private sector as they are better able to engage in developing policy [17]. Transparency in government behaviour sends strong signals to citizens and investors, and evidence shows that the more information a government releases, the greater the investment and subsequent effect on growth [2].

7.3.4. Addressing corruption and curbing illegal financial flows

There is a wealth of evidence that corruption in Yemen is a major hindrance to sustainable development, with a disproportionate impact on the poor and marginalized populations. Corruption has negative impact on health and education outcomes, equity, rule of law, and foreign investment. Transparency International, for example, finds that good performance on anti-corruption initiatives and the rule of law is linked with higher youth literacy rates and lower maternal mortality rates [20].

7.3.5. Justice and the Rule of Law

The rule of law is a principle of governance and is critical for sustainable development. It has been shown that countries adhering to the rule of law have higher levels of growth and investment through the protection of property rights [21]. Effective rule of law frameworks, together with implementation, is mandatory to prevent and mitigate violent crime, resolve grievances, and protect citizens; all key elements to contain violent conflict. Some studies suggest that a conservative estimate of the economic costs of lost production, due to high levels of crime and violence, ranges from 2 to 3 percent of GDP [28].

7.3.6. Participation in decision-making

Participation is both a right, and a means to more sustainable development. Required to engaged communities actively in their development processes, project outcomes for better targeted the local needs, better results of which will be more sustainable.

More important recommendations for sustainable development implementation has been thoroughly explained by AFED [1] such as (Integrated Policymaking, Human Resources Development, Invest in Environment, Physical Infrastructure Development and Research and Development) of which need to be discussed in further studies.

8. Conclusion

Although the Sustainable Development Goals (SDGs) did not include a goal or targets on governance, the Global Goals Declaration, adopted by the world's leaders in 2016, recognized the vital link between good governance, development and human rights. It is widely acknowledged that a single model of governance cannot and should not be imposed. Governance varies across contexts and cultures and has evolved in response to a number of socio-cultural and economic factors. Likewise, implementation of the SDGs in Yemen is a challenging endeavor due to the multiple goals and their wide-ranging and interrelated targets. Financing is a core and an indispensable requirement for the realization of the SDGs.

Governance has become one of the most important concepts in both developed and developing countries. Consequently, many countries in the developing world, are trying to pursue good governance and adoption according to the established concept of governance in order to achieve the desired sustainable economic growth and development.

Based on research findings and learning from other countries experience, development progress and challenges, general framework to implement good governance and sustainable development has been recommended to be consider in the future national development agenda: effective governance institutions and systems that are responsive to public needs deliver essential services and promote inclusive growth, while inclusive political processes ensure that citizens can hold public officials to account. In addition, good governance promotes freedom from violence, fear and crime, and peaceful and secure societies that provide the stability needed for development investments to be sustained.

key limitation to achieve the SDGs is the huge financing gap of which need to be discuss in detail in future researches, Yemen need to exert concerted efforts to mobilize resources for the implementation of their SDGs. In this respect, both domestic and foreign sources of capital need to be tapped. However, mobilization of domestic resources requires the adoption of implementable policies and measures for fair, equitable, and efficient tax revenue systems.

One of the difficulties is a shortcoming of significant data in national report targets governance and sustainable development indices. Therefore, the official data of countries were not used directly from national statistical agencies, instead relying on international sources.

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