

## INTRODUCTION

WITH A POPULATION OF TWENTY-FOUR MILLION, Yemen has a gross national income (GNI) of USD 870 per person. According to a comprehensive Household Budget Survey in 2005-06, the results showed a poverty rate of 34.8% at the national level, using a per capita poverty line of roughly one-dollar-per-day. Over the period 1990-2004, official development assistance (ODA) averaged around USD 260 million a year. In forthcoming years, ODA will increase five-fold, reaching approximately USD 5.3 billion in total pledges for 2007-10. The majority of this increase comes from new donors, specifically the six-member state Gulf Cooperation Council (GCC) and GCC Special Funds which did not participate in the 2008 Survey. This may impact the future progress of Yemen towards the Paris Declaration 2010 targets on ownership, alignment and harmonisation.

Twelve donors responded to the 2008 Survey, which accounts for 90% of ODA, and reported to the OECD Development Assistance Committee (OECD-DAC). However, as the GCC did not take part in the 2008 Survey, the actual coverage may be lower.

DIMENSIONS	2007	CHALLENGES	PRIORITY ACTIONS
Ownership	Low	Weak strategic link between national strategy and budget	Adopt a medium-term expenditure framework to better link plans to budgets
Alignment	Low	Limited use of country systems and reliance on parallel project implementation units (PIUs)	Fully implement the public financial management action plan
Harmonisation	Low	Limited use of programme-based approaches (PBAs)	Extend use of sector approaches, building on progress in education and water sectors
Managing for results	Moderate	No clear responsibility for country-level monitoring and evaluation system	Implement new monitoring and evaluation system for national development strategy
Mutual accountability	Moderate	No mutual assessments have taken place	Commit to National Aid Policy and establish mechanisms for country-mutual assessment

## OVERVIEW

### Box 54.1:

### Challenges and priority actions

## OWNERSHIP

**OWNERSHIP IS CRITICAL TO ACHIEVING DEVELOPMENT RESULTS** and is central to the Paris Declaration on Aid Effectiveness. Aid is most effective when it supports a country-owned approach to development; aid is less effective when countries feel that aid policies and approaches are driven by donors that provide assistance. In the context of the Paris Declaration, ownership specifically concerns a country's ability to carry out two, inter-linked activities: exercise effective leadership over its development policies and strategies; and co-ordinate the efforts of various development actors working in the country.

### INDICATOR 1

Do countries have operational development strategies?

Ownership has many dimensions. Indicator 1 – assessed as part of the World Bank's review on *Results-Based National Development Strategies: Assessments and Challenges Ahead* – provides an entry point to the issue. The World Bank assesses the operational value of a country's development strategy and policy against three criteria, all of which are essential features of any serious effort to harness domestic and external resources for development purposes: the existence of an authoritative, country-wide development policy which clearly identifies priorities and is well costed.

The World Bank rates the operational value of a country's development strategy against a five-point scale running from A (highest score) to E (lowest score). The Paris Declaration 2010 target is to raise, to at least 75%, the proportion of partner countries having operational development strategies – *i.e.* meriting a rating of A or B.

Yemen received a C rating in the 2006 Baseline Survey. This means that it has taken action towards achieving good practice in operational development strategies, but has not reached the 2010 target of achieving a B or A rating. For the 2008 Survey, Yemen maintained a C rating according to the World Bank's 2007 Aid Effectiveness Review, which indicates that "progress is being made, although not yet enough, and the basis exists for even more substantive progress."

The country's long-term vision is set out in the Yemen Strategic Vision 2025, which aims to elevate Yemen's international ranking to that of a "medium human development" country by 2025. The Strategic Vision is widely recognised as the reference point for policy makers; it guided both the second national development plan from 2001-05 and the new five-year socio-economic development plan for poverty reduction (DPPR) running from 2006-10. The DPPR lists economic growth and poverty reduction as its main goals. It has consolidated parallel medium-term strategies into a single national development strategy. Sectoral and cross-sectoral strategies have been prepared for higher education, basic education, water and sanitation, women's development, governance reforms and economic reforms.

The country's goals, as set out in the Vision and the DPPR, are consistent with the Millennium Development Goals (MDGs), but most of the MDG targets – including on poverty reduction – are proving overambitious. Yemen has used this information to better tailor MDG targets to country circumstances. The DPPR is supplemented by a comprehensive and rolling public investment programme that sets out the detailed investment needs and related financing requirements for projects covering priority sectors included in the new plan. This programme (2007-10) is the first of its kind in Yemen.

The Ministry of Planning and International Cooperation (MoPIC) has embarked on a mid-term review of the DPPR that aims to re-visit the macroeconomic framework targeting more realistic economic growth, assess and review sector policies, and revise the investment requirements of the public investment programme in relation to future aid commitments. These efforts put Yemen on track to reach the 2010 target of a B rating. ■

## ALIGNMENT

FOR AID TO BE EFFECTIVE, it must be aligned with national development strategies, institutions and procedures. The Paris Declaration envisions donors basing their support fully on country partner aims and objectives. Indicators 2 through 8 examine several dimensions of aid to assess the degree to which partner countries and donors achieve alignment.

In 2005, the government of Yemen and donors established the Aid Harmonisation and Alignment (AHA) unit within MoPIC to improve their relationship. As a result, Yemen's ratings for alignment reveal some progress since the 2006 Baseline Survey, but continued effort is needed across the board if the 2010 target for alignment is to be met.

## BUILDING RELIABLE COUNTRY SYSTEMS

Indicator 2 covers two aspects of country systems: public financial management (PFM) and procurement. In each case, the focus is on the degree to which these systems adhere to broadly accepted good practices – or to which there is in place a reform programme to promote improved practices. If countries have reliable systems, donors will be encouraged to use such systems for the delivery and management of aid. This helps to align aid more closely with national development strategies and enhances aid effectiveness.

Indicator 2a of the Paris Declaration assesses the degree to which partner countries either have public financial management (PFM) systems that are in line with broadly accepted good practices or have credible reform programmes in place to establish reliable PFM systems. The assessment is based on the World Bank's Country Policy and Institutional Analysis (CPIA) score for the quality of PFM systems, which uses a scale running from 1 (very weak) to 6 (very strong) with half-point increments. To score highly, a country needs to meet all three of the following criteria: a comprehensive and credible budget linked to policy priorities; effective financial management systems to ensure that the budget is implemented as intended in a controlled and predictable way; and, timely and accurate accounting and fiscal reporting, including timely and audited public accounts. The 2010 target is that each country will move up at least one measure (*i.e.* 0.5 points) on the CPIA scale for measuring the quality of PFM systems.

In 2005, Yemen received a rating of 3.0 on a six-point scale, slightly below the average of 3.2 for all countries rated in the World Bank's Country Policy and Institutional Assessment (CPIA). For 2007, Yemen maintained a rating of 3.0, which is still below the Paris Declaration 2010 target of 3.5.

Corruption and weak, poorly integrated financial systems are perceived as major challenges for Yemen. To address these issues, the government has embarked on comprehensive reforms since 2006, through a PFM reform strategy. These reforms aim at improving governance, PFM, civil services administration, and the business-enabling environment. The government is implementing an automated financial management information system (AFMIS) project, modernising the income tax, budget classification and reporting system, and preparing a new financial law. It has also taken steps to increase the effectiveness of internal and external auditing by establishing a Supreme National Authority for Combating Corruption and joining the international Extractive Industry Transparency Initiative.

### INDICATOR 2a

How reliable are country public financial management systems?

In the area of civil service reform, sound progress has been made towards the implementation of a biometric identification system and the establishment of a Civil Service Fund. In 2007, an assessment of the performance of the PFM system employing the public expenditure and financial accountability framework (PEFA) was conducted. This will provide the benchmark against which to monitor progress in PFM reform. The priority for the government should be to ensure implementation of all these new mechanisms and institutions, in order to meet the 2010 target of 3.5 on Indicator 2a.

#### INDICATOR 2b

How reliable are country procurement systems?

At the time of the 2006 Baseline Survey, no mechanism was in place to systematically assess and quantify the quality of procurement systems in partner countries. Thus, it was impossible to set country-level targets on progress towards Indicator 2b.

In the context of the 2008 Survey, the quality of a country's procurement system is assessed through the Methodology for the Assessment of National Procurement Systems, which was developed by the Joint Venture on Procurement. The methodology includes two components: the baseline indicators compare the country's systems to internationally-accepted good practice; and a new set of indicators assess overall performance of the system and compliance with national legislation and standards. The results of the procurement system self-assessment are expressed as grades on a four-point scale running from A (the highest) to D (the lowest).

In 2007, Yemen received a D rating using the methodology by the Joint Venture on Procurement, indicating that its systems are largely developed towards achieving good practice. The Paris Declaration 2010 target is that one-third of partner countries move up at least one rating on the four-point scale, so C would be the goal for Yemen.

Yemen's procurement system faces many challenges including low levels of accountability, lack of uniform procedures and poor record maintenance. To address these issues, the government has launched a reform programme for procurement that includes implementing a new public procurement law and executive regulations, procurement manual, standard bidding documents and a restructured High Tender Board.

#### ALIGNING AID FLOWS ON NATIONAL PRIORITIES

#### INDICATOR 3

Comprehensive and transparent reporting on aid, and how it is used, is an important means of ensuring that donors align aid flows with national development priorities. The degree to which development assistance to the government sector is fully and accurately reflected in the budget provides a useful indication of the degree to which serious effort is made to connect aid programmes with country policies and processes. It also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.

Indicator 3 is a proxy for alignment. It measures the percentage of aid disbursed by donors to the government sector that is included in the annual budgets for the same fiscal year. The indicator is a joint measure of two components: the degree to which donors report aid flows comprehensively to partner countries; and the degree to which partner countries accurately record aid.

	Government budget estimates of aid flows for 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2005 (for reference)	2007*	
	a	b		c = a / b	c = b / a
Arab Fund	0	--	0%	--	
European Commission	3	6	0%	53%	
France	0	5	0%	0%	
GAVI Alliance	0	--	0%	--	
Germany	10	46	0%	22%	
Global Fund	7	4	0%	57%	
IFAD	0	7	0%	0%	
Italy	0	2	0%	3%	
Japan	2	7	0%	26%	
Netherlands	14	19	0%	77%	
United Kingdom	8	15	0%	56%	
United Nations	18	33	0%	54%	
United States	2	1	0%		32%
World Bank	31	142	0%	22%	
Average donor ratio	--	--	0%		34%
<b>Total</b>	<b>95</b>	<b>285</b>	<b>0%</b>		<b>33%</b>

\* Ratio is  $c = a / b$  except where government budget estimates are greater than disbursements ( $c = b / a$ ).  
Disbursements recorded by government for donors that haven't reported data in the 2008 Survey: USD 159,29.

**TABLE 54.1:**  
Are government budget  
estimates comprehensive  
and realistic?

According to the 2006 Baseline Survey, no aid was recorded on budget for Yemen. This was due to the fact that no mechanism existed for the systematic inclusion of donor funds in the annual budget. Aid had been partially reported under national expenditure reports, but not in annual budgets. The 2008 Survey results report a substantial increase, with 33% of total aid disbursed recorded in the national budget. The increase is a result of securing government counterpart contribution to donor funded projects. The AHA Unit is creating a development aid database to provide updated information on development assistance flows, which should assist Yemen in continued progress on this target. In addition, if AFMIS is fully implemented, substantial progress towards achieving the 2010 target of 85% may be possible.

#### CO-ORDINATING SUPPORT TO STRENGTHEN CAPACITY

Capacity constraints significantly undermine the ability of partner countries to capture, co-ordinate and utilise aid flows more effectively. Under the Paris Declaration, donors committed to providing technical co-operation in a manner that is co-ordinated with partner country strategies and programmes. This approach aims to strengthen capacities while also responding to the needs of partner countries. Likewise, there is greater recognition that successful capacity building is endogenous – *i.e.* is led by the partner country. To this end, the partner country defines clear objectives to ensure that existing capacities are used effectively and that external support is harmonised within this framework.

Indicator 4 focuses on the extent to which donor technical co-operation – an important input into capacity development – is moving towards this country-led model. It measures the degree of alignment between donor technical co-operation and the partner country's capacity development needs and strategies. The Paris Declaration 2010 target is that 50% of technical co-operation flows are implemented through co-ordinated programmes that are consistent with national development strategies.

#### INDICATOR 4

TABLE 54.2:  
How much technical  
co-operation is co-ordinated  
with country programmes?

	Co-ordinated technical co-operation (USD m) a	Total technical co-operation (USD m) b	2005 (for reference) c = a / b	2007
Arab Fund	--	--	--	--
European Commission	1	5	0%	25%
France	1	2	9%	83%
GAVI Alliance	--	--	--	--
Germany	2	16	9%	11%
Global Fund	0	0	--	--
IFAD	0	1	--	0%
Italy	0	0	87%	0%
Japan	4	4	0%	100%
Netherlands	3	4	0%	85%
United Kingdom	2	2	99%	100%
United Nations	9	25	23%	37%
United States	1	9	10%	13%
World Bank	15	15	18%	97%
<b>Total</b>	<b>38</b>	<b>83</b>	<b>16%</b>	<b>46%</b>

Technical assistance co-ordination in Yemen improved significantly in 2007 – 46% of technical assistance provided by donors was co-ordinated, compared with only 16% in 2005. This figure is now within reach of the 2010 target of 50%. This improvement can be attributed to the fact that the DPPR includes a capacity-building strategy and donors are aligning capacity development around the plan. In 2006, the government and its major donors also signed a partnership agreement to co-ordinate capacity development for PFM based on the reform programme. Some sector programmes, such as water, education and sanitation, have also incorporated capacity-building components into their implementation plans.

### USING COUNTRY SYSTEMS

#### INDICATOR 5

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partner's long-term capacity to develop, implement and account for its policies – to both its citizens and its parliament. The Paris Declaration encourages donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak. In this respect, Indicator 5 is directly linked to Indicator 2 on the quality of PFM and procurement systems, and measures the use of both.

Indicator 5a measures the extent to which donors use partner country PFM systems when providing funding to the government sector. It measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a percentage of total aid disbursed to the government sector. The 2010 target is relative to Indicator 2a on the quality of PFM systems.

Indicator 5b measures the volume of aid, as a percentage of total aid disbursed to the government sector, that uses partner country procurement systems. The 2010 target is relative to Indicator 2b; thus, targets are indicated only for those countries that established scores for Indicator 2b in the context of the 2006 Baseline Survey.

The 2006 Baseline Survey reported that just 10% of aid to the government sector in Yemen made use of country PFM systems, reflecting the weakness of such systems. Despite ongoing PFM reforms, the 2008 Survey shows a decline to only 5% of aid using country systems. Given that Yemen scored only 3.0 on Indicator 2a, no target for use of PFM systems is set for 2010. A note of caution should be used in interpreting these figures however, as the decline in usage may reflect the fact that the definitions were applied more rigorously in the 2008 Survey. Further, the decline also reflects the fact that the implementation of PFM reforms was slower than expected. Donors should make greater use of country systems as these systems are strengthened through the implementation of the government PFM action plan. Also on the donor side, progress on untying aid would allow for greater use of country systems.

**TABLE 54.3:**  
How much aid for the government sector uses country systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management (PFM)					Procurement		
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	2005 (for reference)	2007 avg (b,c,d) / a	Procurement systems (USD m) e	2005 (for reference)	2007 e / a
Arab Fund	--	--	--	--	0%	--	--	0%	--
European Commission	6	0	0	0	5%	0%	0	16%	0%
France	5	3	0	0	67%	19%	--	100%	--
GAVI Alliance	--	--	--	--	33%	--	--	0%	--
Germany	46	0	0	0	0%	0%	30	49%	64%
Global Fund	4	0	0	0	0%	0%	0	0%	6%
IFAD	7	0	0	0	33%	0%	2	59%	27%
Italy	2	1	0	0	100%	37%	1	70%	79%
Japan	7	1	1	1	15%	16%	1	15%	16%
Netherlands	19	8	1	0	63%	17%	16	83%	87%
United Kingdom	15	0	0	0	0%	0%	0	0%	0%
United Nations	33	0	0	0	28%	1%	4	0%	12%
United States	1	0	0	0	0%	0%	--	0%	--
World Bank	142	1	0	26	0%	6%	72	0%	51%
<b>Total</b>	<b>285</b>	<b>15</b>	<b>3</b>	<b>27</b>	<b>10%</b>	<b>5%</b>	<b>126</b>	<b>13%</b>	<b>44%</b>

On procurement, 44% of aid now makes use of country procurement systems, a substantial increase on the 13% recorded in 2005. The 2006 Baseline Survey did not include an assessment of country procurement systems; therefore no 2010 target has been set. Particular sectors such as education and health have improved their procurement systems.

## AVOIDING PARALLEL IMPLEMENTATION STRUCTURES

When providing development assistance, some donors establish specific project implementation units (PIUs), *i.e.* dedicated management units designed to support development projects or programmes. A PIU is said to be “parallel” when it is created at the behest of the donor and operates outside existing country institutional and administrative structures.

In the short term, parallel PIUs can play a useful role in establishing good practice and promoting effective project management. However, in the long run, PIUs often tend to undermine national capacity building efforts, distort salaries and weaken accountability for development.

To make aid more effective, the Paris Declaration encourages donors to “avoid, to the maximum extent possible, creating dedicated structures for day-to-day management and implementation of aid-financed projects and programmes.” Indicator 6 is a count of the number of parallel PIUs being used in partner countries. The 2010 target is to reduce by two-thirds the stock of parallel PIUs in each partner country.

## INDICATOR 6

The 2008 Survey shows a marginal reduction in the number of parallel PIUs in Yemen from 29 in 2005 to 27 in 2007. This is still far below the 2010 target of reducing the number of PIUs to 10. The results of the 2008 Survey indicated that the revised definitions of parallel PIUs created disagreement over the application of definitions. It was suggested that an independent, third-party assessment be used to assess the number of parallel PIUs in the future.

**TABLE 54.4:**  
How many PIUs are parallel  
to country structures?

	2005 (for reference)	2007 (units)
Arab Fund	--	--
European Commission	8	7
France	0	0
GAVI Alliance	0	--
Germany	1	0
Global Fund	0	0
IFAD	4	5
Italy	3	1
Japan	0	0
Netherlands	1	0
United Kingdom	1	0
United Nations	11	4
United States	0	10
World Bank	0	0
<b>Total</b>	<b>29</b>	<b>27</b>

Many donors perceive the Yemeni government institutional capacity as weak, and thus, use their own management and reporting arrangements for projects. However, some PIUs, such as the Social Fund for Development and Public Works Project that pool funds from donors, are seen as successful models of delivering government services. Such examples are likely to play a continuing role, particularly in the medium term, until general public sector reform has taken hold.

Given these factors, reaching the 2010 target seems unlikely. Still, some effort is being made to strengthen country structures by locating PIUs within government institutions. For example, the Ministry of Fisheries will be responsible for implementation of a World Bank financed Fisheries Resource Management and Conservation Project. As the PFM reforms and DPPR capacity development strategies are fully realised, donors can begin to reduce or consolidate the use of PIUs in order for Yemen to continue progress towards the 2010 target.

## PROVIDING MORE PREDICTABLE AID

### INDICATOR 7

For many countries, development assistance constitutes a vital source of revenue and resources. Being able to predict aid disbursements – in terms of both how much aid will be delivered and when – is an important factor in the ability of countries to manage public finances and undertake realistic planning for development. It is particularly crucial to enabling partner countries to implement medium- to long-term development plans and to optimise the allocation of resources within and across sectors. In this regard, the Paris Declaration calls on donors to provide reliable, indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable fashion according to agreed schedules.

Indicator 7 examines in-year predictability of aid to the government sector, measuring the proportion of planned disbursements (as reported by donors) that are recorded by governments in the national accounting system as actually disbursed. Indicator 7 assesses predictability from two angles. The first angle is the combined ability of donors and government to disburse aid on schedule. The second is the ability of donors and government to record comprehensively disbursements made by donors to the government sector.



Indicator 7 is designed to encourage progress in relation to both angles, with the aim of gradually closing the predictability gap – by one-half – by 2010. The ultimate goal is to improve not only the predictability of actual disbursements, but also the accuracy of how disbursements are recorded in government systems – an important feature of ownership, accountability and transparency.

In Yemen, donors scheduled USD 313 million for disbursement in 2007 and actually disbursed – according to their own records – slightly less than expected (USD 285 million). The discrepancy varies considerably among donors and is mainly due to delays in implementing programmes. Only 33% of aid scheduled for disbursement was recorded by the government as disbursed within 2007, indicating that a significant proportion of disbursements were not captured. This is an improvement from 2005 when government systems did not record any disbursements made by donors. During 2007, ODA medium-term planning frameworks have helped improve forecasting and predictability. The Yemen government and the majority of its donors have adopted longer ODA planning cycles and donor programmes that are more closely aligned to the timeframe of the national DPPR. The ongoing public administration reforms will also further Yemen's efforts in reaching the 2010 target of 50% of disbursements on schedule and recorded.

**TABLE 54.5:**  
Are disbursements  
on schedule and recorded  
by government?

	Disbursements recorded by government in 2007 (USD m)	Aid scheduled by donors for disbursement in 2007 (USD m)	Aid disbursed by donors for government sector in 2007 (USD m)	2005 (for reference)	2007*	
	a	b	for reference only		c = a / b	c = b / a
Arab Fund	0	--	--	--	--	--
European Commission	5	10	6	0%	52%	
France	0	7	5	0%	0%	
GAVI Alliance	0	--	--	0%	--	
Germany	33	53	46	0%	61%	
Global Fund	0	5	4	0%	0%	
IFAD	0	10	7	0%	0%	
Italy	0	2	2	0%	3%	
Japan	6	7	7	0%	88%	
Netherlands	2	19	19	0%	13%	
United Kingdom	0	23	15	0%	0%	
United Nations	45	30	33	0%		68%
United States	0	--	1	0%	--	
World Bank	12	147	142	0%	8%	
Average donor ratio	--	--	--	0%		27%
<b>Total</b>	<b>103</b>	<b>313</b>	<b>285</b>	<b>0%</b>		<b>33%</b>

\* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).

Disbursements recorded by government for donors that haven't reported data in the 2008 Survey: USD 4.46

In Yemen, the combined predictability gap amounts to USD 210 million (67% of aid scheduled for disbursement). Closing this predictability gap will require donors and government to work together on various fronts simultaneously. As mentioned in the 2006 Baseline Survey, they might focus on improving three areas: a) the realism of predictions on both the volume and timing of expected disbursements; b) the way donors notify their disbursements to government; and c) the comprehensiveness of government records of disbursements made by donors.

**INDICATOR 8**

How much aid is untied?

**UNTYING AID**

Aid is said to be “tied” when it is provided on the condition that the recipient country will use it to purchase goods and services from suppliers based in the donor country. Experience shows that aid with such conditions attached increases the costs of goods and services provided to partner countries; it also increases the administrative burdens on both donors and partners. By contrast, untied aid helps build a country’s capacity to provide goods and services.

Country figures for untying aid are based on voluntary self-reporting by donors that are members of the OECD-DAC. The 2010 target is to continue progress towards untying aid over time.

According to OECD data covering 90% of aid to Yemen, 86% of aid was untied in 2006. The situation has deteriorated from the 2006 Baseline Survey which reported 91% untied aid. In order to meet its 2010 target of more than 91% untied aid, this trend must be reversed. ■

**HARMONISATION**

**DECADES OF DEVELOPMENT EXPERIENCE** show that poor co-ordination of aid increases the cost for both donors and partner countries, and significantly reduces the value-added of aid. Harmonisation of aid delivery procedures and adoption of common arrangements help reduce duplication of effort and lower the steep transaction costs of managing aid. The Paris Declaration focuses on two dimensions of aid as a proxy for assessing overall harmonisation: the use of common arrangements within programme-based approaches (PBAs) and the extent to which donors and partner countries conduct joint missions and share analysis.

In Yemen, donors tend to co-ordinate their activities within sectors. Marginal progress has been made on harmonisation in Yemen since the 2006 Baseline Survey.

**USING COMMON ARRANGEMENTS****INDICATOR 9**

Aid effectiveness is enhanced when donors use common arrangements to manage and deliver aid in support of partner country priorities. A sound mechanism for aid co-ordination can be described as one that builds on shared objectives and that reconciles, in a constructive manner, the various interests of stakeholders.

Indicator 9 assesses the degree to which donors work together by measuring the proportion of total ODA disbursed within PBAs. In practice, there are many different modalities for implementing PBAs, which operate at various levels. At one level, the partner country is responsible for defining clear, country-owned programmes (*e.g.* sector policy) and establishing a single budget framework that captures all resources (both domestic and external). At the second level, donors are responsible for taking steps to use local systems for programme design and implementation, financial management, monitoring and evaluation. Finally, partner countries and donors are jointly responsible for donor co-ordination and harmonisation of donor procedures. The 2010 target is that 66% of aid flows are provided in the context of PBAs.

The proportion of aid using PBAs in Yemen declined from 50% in 2005 to 18% in 2007— far below the 2010 target level of 66%. This is partly due to refinement of the definition of PBAs from the 2006 Baseline Survey to the 2008 Survey: some donors did not meet the stricter requirements to include their aid disbursements as PBAs. The majority of PBAs are provide sector support, with a smaller amount being direct budget support. The National Co-ordinator comments that the decline in the use of PBAs should be interpreted carefully since the 2007 data does not include all donors, specifically the GCC donors who use such common arrangements. Therefore, Yemen expects to reach the 2010 target of 66%.

**TABLE 54.6:**  
How much aid is  
programme based?

	Programme-based approaches (PBAs)			Total aid disbursed (USD m) d	2005 (for reference)	2007  e = c / d
	Budget support (USD m) a	Other PBAs (USD m) b	Total (USD m) c = a + b			
Arab Fund	--	--	--	--	0%	--
European Commission	0	0	0	11	0%	0%
France	--	4	4	5	0%	92%
GAVI Alliance	--	--	--	--	8%	--
Germany	--	7	7	46	10%	16%
Global Fund	0	0	0	4	100%	0%
IFAD	0	0	0	7	100%	0%
Italy	2	0	2	2	28%	87%
Japan	0	0	0	9	0%	0%
Netherlands	7	4	10	20	29%	50%
United Kingdom	--	21	21	23	184%	93%
United Nations	3	0	3	42	16%	8%
United States	0	0	0	21	1%	0%
World Bank	0	22	22	142	100%	16%
<b>Total</b>	<b>11</b>	<b>59</b>	<b>70</b>	<b>330</b>	<b>50%</b>	<b>21%</b>

## CONDUCTING JOINT MISSIONS AND SHARING ANALYSIS

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

One of the most frequent complaints of partner countries is that donors make too many demands in relation to their limited resources: country authorities spend too much time meeting with donor officials and responding to their many requests. The Paris Declaration recognises that donors have a responsibility to ensure that, to the greatest extent possible, the missions and analytical work they commission are undertaken jointly – *i.e.* that the burden of such work is shared.

Indicator 10 measures the extent to which donors are merging their missions (Indicator 10a) and analytical work (Indicator 10b) at the country level – either with country partner authorities or amongst the donor community (or both). It calculates the proportion of missions to the country undertaken jointly (*i.e.* by more than one donor) and the share of country-analysis exercises undertaken on a joint or co-ordinated basis. The 2010 target is that 40% of donor missions to the field are conducted jointly and that 66% of country analytical work is carried out jointly.

#### INDICATOR 10a

TABLE 54.7:

How many donor missions are co-ordinated?

	Co-ordinated donor missions* (missions) a	Total donor missions (missions) b	2005 (for reference)	2007 c = a / b
Arab Fund	--	--	--	--
European Commission	8	30	14%	27%
France	58	62	0%	94%
GAVI Alliance	--	--	--	--
Germany	8	24	15%	33%
Global Fund	3	5	100%	60%
IFAD	0	9	0%	0%
Italy	4	4	0%	100%
Japan	0	5	0%	0%
Netherlands	9	11	0%	82%
United Kingdom	10	15	51%	67%
United Nations	15	60	66%	25%
United States	0	15	0%	0%
World Bank	14	50	4%	28%
<b>Total</b>	<b>84</b>	<b>290</b>	<b>26%</b>	<b>29%</b>

\* The total of co-ordinated missions has been adjusted to avoid double-counting. A discount factor of 35% is applied.

#### INDICATOR 10b

TABLE 54.8:

How much country analysis is co-ordinated?

	Co-ordinated donor analytical work* (analyses) a	Total donor analytical work (analyses) b	2005 (for reference)	2007 c = a / b
Arab Fund	--	--	--	--
European Commission	0	0	100%	--
France	3	3	--	100%
GAVI Alliance	--	--	--	--
Germany	5	5	39%	100%
Global Fund	0	3	--	0%
IFAD	0	1	--	0%
Italy	2	2	0%	100%
Japan	0	0	--	--
Netherlands	2	2	--	100%
United Kingdom	1	2	83%	50%
United Nations	6	18	93%	33%
United States	0	9	23%	0%
World Bank	1	3	36%	33%
<b>Total</b>	<b>15</b>	<b>48</b>	<b>55%</b>	<b>31%</b>

\* The total of co-ordinated analytical work has been adjusted to avoid double-counting. A discount factor of 25% is applied.

In 2005, only 26% of donor missions to Yemen were conducted jointly. The 2008 Survey shows sound progress on Indicator 10a with 33% donor missions conducted jointly in 2007, which is closer to the 2010 target of 40%. MoPIC requested that all development partners keep the AHA Unit informed of all upcoming missions and visits. The World Bank has also informed partners that it will make information available about planned visits and missions through its website. However, co-ordinated analytical work in Yemen decreased from 55% in 2005 to 31% in 2007, which is still far below the 2010 target of 66%. ■

## MANAGING FOR RESULTS

THE PARIS DECLARATION CALLS ON donors and partner countries to make a joint commitment to managing for development results – *i.e.* to manage resources according to desired results. This implies defining desired results and measuring progress toward them, as well as using information on results to improve decision making and performance. It also implies strengthening capacity to undertake such management and helping to increase the demand for a focus on results (*i.e.* adopt a results-based monitoring framework).

Indicator 11 utilises data collected as part of the World Bank’s review on *Results-Based National Development Strategies: Assessments and Challenges Ahead*. The review focuses on three particular aspects of a robust results-based monitoring framework: the quality of the information generated; stakeholder access to the information; and the extent to which such information is utilised within a country-level monitoring and evaluation system.

The assessments are expressed in scores running from A (high) to E (low), with B representing a “largely developed results-based monitoring framework.” The 2010 target is to reduce by one-third the proportion of countries lacking transparent, results-based monitoring frameworks (*i.e.* reduce by one-third the number of countries not attaining at least a B rating).

Yemen received a D rating in the 2006 Baseline Survey, which identified many challenges. First, while the quality of development information was improving, the government Statistical Master Plan was not fully financed. Second, stakeholder access to development information was difficult since most of the information is posted on the internet, but the majority of Yemen’s population do not have access to the internet and have low levels of literacy. In addition, the government retains control of the broadcast media. Finally, the establishment of an integrated country-level results-based monitoring framework was reported by the World Bank to be “at an early stage”.

For the 2008 Survey, Yemen received an improved C rating in the World Bank’s 2007 Aid Effectiveness Review. This means that some, albeit inadequate, progress is being made and the basis exists for even more substantive progress in order to meet the 2010 target rating of B. Since 2006, the government has been developing an integrated national information system to enhance the quality of information. The government has also worked on improving freedom of the press and is jointly drafting a new media law with journalists. The suspension of three newspapers was lifted, further indicating the shift in policy towards greater consultation and dialogue with the media. However, Yemen has not clarified responsibility for a results-based monitoring framework, nor has it defined clear lines of responsibility across its executive. If Yemen is to achieve a rating of B for a results-based monitoring framework by 2010, sustained progress will be needed, particularly in stakeholder access to development information and country-level monitoring and evaluation. ■

### INDICATOR 11

Do countries have results-based monitoring frameworks?

## MUTUAL ACCOUNTABILITY

### INDICATOR 12

Do countries have reviews of mutual accountability?

THE PARIS DECLARATION RECOGNISES that for aid to be truly effective, stronger and more balanced accountability mechanisms are required at all levels. In particular, aid is more effective when both donors and partner country governments are accountable – to their respective publics and to each other – for the use of resources and management to achieve development results. The Paris Declaration calls for donors and partner countries to jointly assess (through existing country-level mechanisms) mutual progress in implementing agreed commitments on aid effectiveness, including commitments made under the Paris Declaration.

Indicator 12 is concerned with the specific question of whether there is a country-level mechanism for mutual assessment of progress on the partnership commitments arising from the Rome or Paris Declarations, or from local harmonisation and alignment plans. The 2010 target is for all partner countries to have in place such mechanisms.

No such mechanism for mutual assessment currently exists in Yemen. However, the country's DPPR has a monitoring and evaluation framework that will provide the basis for reviewing performance. One such mechanism is the development of a compact committing both the government and development partners to implement the National Aid Policy and its regulations. Another mechanism is the recent compact of commitments, set between government and donors at the consultative group meeting for Yemen in 2006, which established action items to contribute to enhanced aid delivery, accountability and performance. If these mechanisms are fully realised with commitment from both donors and government, Yemen will be able to meet the 2010 target for Indicator 12. ■

## PROGRESS SINCE 2005 AND PRIORITIES FOR 2010

**YEMEN HAS MET THE 2010 TARGET FOR ONLY ONE INDICATOR:** Indicator 10a on joint missions. For the remaining indicators, the results are mixed; whilst progress has been made against some indicators, significant gaps need to be filled on others. In particular, substantial efforts are required by the government and donors to improve the use of country systems, predictability of aid, use of PIUs, PBAs and results-based monitoring frameworks. Progress towards reaching targets may also be affected by the GCC donors, which did not participate in the 2006 Baseline Survey and 2008 Survey but will provide a majority of aid in the near future. In order to reach the 2010 targets, Yemen should continue its reforms for institutional development and improving capacity, while donors must engage in increased alignment and harmonisation activities. ■

**SUMMARY**  
TABLE 54.9

INDICATORS		2005 REFERENCE	2007	2010 TARGET
1	Operational development strategies	C	C	B or A
2a	Reliable public financial management (PFM) systems	3,0	3,0	3,5
2b	Reliable procurement systems	Not available	D	C
3	Aid flows are aligned on national priorities	0%	33%	85%
4	Strengthen capacity by co-ordinated support	16%	46%	50%
5a	Use of country PFM systems	10%	5%	No target
5b	Use of country procurement systems	13%	44%	Not applicable
6	Strengthen capacity by avoiding Parallel PIUs	29	27	10
7	Aid is more predictable	0%	33%	50%
8	Aid is untied	91%	86%	More than 91%
9	Use of common arrangements or procedures	50%	21%	66%
10a	Joint missions	26%	29%	40%
10b	Joint country analytical work	55%	31%	66%
11	Results-based monitoring frameworks	D	C	B or A
12	Mutual accountability	No	No	Yes

## CONTRIBUTORS

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## ACRONYMS

AFMIS	automated financial management information system
AHA	Aid Harmonisation and Alignment
CPIA	Country Policy and Institutional Assessment (World Bank)
DPPR	five-year socio-economic development plan for poverty reduction
GCC	Gulf Cooperation Council
GNI	gross national income
IFAD	International Fund for Agricultural Development
MDGs	Millennium Development Goals
MoPIC	Ministry of Planning and International Cooperation
ODA	official development assistance
OECD-DAC	Development Assistance Committee (OECD)
PBA	programme-based approaches
PFM	public financial management
PIU	project implementation units
USD	United States dollars