

## 1. CAS Data

**Country:** Yemen

**CAS Year:** FY2003

**CAS Period:** FY2003 – FY2005

**CASCR Review Period:** FY2003 – FY2006

**Date of this review:** May 1, 2006

## 2. Executive Summary

This Review examines the implementation of the FY03-FY05 Yemen CAS and evaluates the 2006 Yemen CASCR. IEG has also prepared a Country Assistance Evaluation (CAE) which reviews the outcomes of the Bank's Assistance to Yemen over both the FY99 and FY03 CAS periods. It is scheduled to be discussed at a CODE Sub-Committee meeting on June 7, 2006.

The FY03 Yemen CAS was designed to address sustainable poverty reduction by focusing on i) improving public sector governance; ii) improving the investment environment; iii) building and protecting human capital; and iv) sustaining natural resources, particularly water. The CASCR rates the outcome of the FY03-05 CAS implementation *unsatisfactory* due to ambitious targets, inappropriate instruments, slow implementation, and a fragmented and delayed non-lending program. The CASCR points to the need for the subsequent CAS to better balance the country's need for short-term growth with its need for long-term capacity development and public sector accountability. Further, the CASCR addresses the Bank's need for greater focus on a) appropriate lending instruments to ensure that the borrower is both willing and able to implement the programs as designed and b) effective use of non-lending instruments to promote greater dissemination of the reports and lessons to the population at large.

While IEG is in general agreement with this rating, we have given more weight to the achievements in education and the improvement in the water sector strategy. Thus, IEG rates the overall outcome for the FY03 Yemen CAS as *moderately unsatisfactory*. While in accord with the lessons from the CASCR, IEG adds a note of caution that the Bank needs to be more realistic in assessing the ownership, speed of implementation and outcomes of planned operations by setting achievable targets with interim indicators by which to measure progress and improve the results. Furthermore, as many of the issues in Yemen are inter-related (low levels of education, high fertility rates, high population growth, and groundwater depletion), Bank results can be improved by coordinating actions to ensure that corrective measures are not working at cross-purposes.

## 3. CASCR Summary

### Overview of CAS Relevance:

- The FY03 Yemen CAS was developed to support Yemen's first PRSP (2003-2005), as well as the government's Second Five Year Plan (SFYP), which defined the country's development challenges as: a) high population growth, b) water scarcity, c) weak human resources, and d) weak institutional capacity.
- The FY03 CAS built upon the FY99 CAS, with increased focus on improving governance, diversifying growth, and supporting girls' education in efforts to reduce poverty and high

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population growth rates. Aligned with the PRSP and SFYP objectives established by the government, the CAS outlined four strategic pillars for the FY03-05 Yemen country strategy:

- I. Improve Public Sector Governance – through better budgeting, expenditure control, fiduciary controls, policy formulation, and building capacity for effective decentralization and improved service delivery.
- II. Improve the Investment Environment to generate job opportunities – more predictable regulation and taxation, enforceable contracts, predictable application of laws, and adequate infrastructure support.
- III. Build and Protect Human Capital – by expanding basic education, closing the gender gap in basic and secondary education, improving technical and vocational training, and expanding access to health care.
- IV. Ensure Environmental Sustainability – through policies and investments for water sustainability, watershed stability and soil conservation and sustainable fish stocks.

#### **Overview of CAS Implementation:**

Of the 11 projects planned for the FY03-05 CAS period, six were approved and a *Third Public Works Project* was added in FY04. Since the close of the CAS period, four projects have been added to the portfolio, one planned under the previous CAS and three new projects all of which will be included under the new CAS. Actual commitments during the CAS period totaled \$387.4, below the \$410m planned in the Base Case Scenario – an additional \$155m was committed in FY06. The bulk of the FY03-06 commitments focused on Health, Education, and Social Sectors (\$145m) and Water and Environmental Protection (\$195m) (see Annex Table 1 and CAE Table 1 for more information on commitments by sector).

The delivery and outcomes from Bank non-lending activities has been modest. Ten of 21-planned ESW activities were delivered within the CAS period, an additional three planned studies were delivered in FY06 and a *planned Development Policy Review (DPR)* is still ongoing. Two of ten TA works were completed: two are still ongoing. An additional six studies and four TA activities were delivered—late in the CAS period—to meet the needs of the program and the borrower. Other key pieces of AAA were either dropped, delayed until late in the CAS period, or finalized after the close of the CAS period (i.e.: *Public Expenditure Mgmt. Report* and *Investment Climate Assessment*). Other important AAA – such as the *Gender Assessment*, the *Budget Reform and Decentralization Report*, and the *CFAA* – was completed but has not been published or publicly disseminated. Hence the impact of AAA work during the CAS period was limited.

During the CAS period, the portfolio at risk has been below both the MNA and Bank averages, with commitments at risk averaging around seven percent. Outcome ratings for projects that closed during this period have also been good with 81.5 percent satisfactory by commitment or 77.8 percent satisfactory by number of projects – again, in line with both MNA and Bank averages. But while project outcomes have been generally satisfactory, the institutional development impact has been low at 22.2 percent, well below the Bank average of 55.2 percent and MNA average of 31.6 percent. Sustainability is also slightly below average at 71.4 percent. (See Annex Table 4).

While the IFC did not initiate any new operations in Yemen during this CAS period, they had three ongoing operations active during the review period, which focused on fostering employment opportunities and poverty reduction (see CASCR para. 110). They also have an active TA portfolio in the areas of financial markets, SME development, and gender, in line with the 2002 Yemen CAS. MIGA was not active in Yemen during the FY03-05 CAS period.

**Overview of Achievement by Objective:**

The Yemen CASCR and CAE both provide detailed assessments of the achievement by objectives; tracking CAS benchmarks where available. In brief, the outcomes of the CAS objectives and sub-objectives were as follows:

**Objective I: Improve Public Sector Governance**

- *Strengthen the capacity of the civil service and enhance fiduciary accountability:* A large project, the *Civil Service Modernization Project (CSMP)*, approved during this CAS period was to be the key instrument to achieve the modernization of the public sector. But implementation fell substantially behind schedule and the project was at risk of being cancelled in November 2004. While the Government has made an effort to turn the project around, the impact has yet to be realized. The *CSMP II*, scheduled for FY05, has been dropped. The *District and Community Development Project*, intended to support the enhancement of fiduciary accountability at the local level, was dropped due to the lack of progress on decentralization. While Yemen introduced the Public Finance Mgmt. Strategy (approved Aug. 2005) based on the Bank's *Public Expenditure Management Analysis* (FY05), the strategy has yet to be implemented. Instead of meeting the reduction target of 30,000 staff over 3 years, the actual number of civil servants has increased; civil service restructuring has made little progress; and governance indicators have been deteriorating.
- *Develop a more skilled and credible judicial system that leads to enforcing service delivery standards:* The only lending for this sub-objective was the *Legal and Judicial Development Project*, a learning and innovation credit (LIC) which exited the portfolio in FY03 with a moderately satisfactory outcome rating. While the LIC was successful in training over 200 judges, no measure of the effectiveness of the training is available. In mid-2001, a change of leadership within the Ministry of Justice sent a signal to international donors that modernization of the judiciary was no longer a priority for the Government, thus causing the Bank to withdraw its support for the adaptable program credit that was to follow the LIC. Consequently, the judiciary is still constrained by lack of investment, infrastructure, information and training.
- *Better Revenue and Expenditure Management:* This objective was supported only by AAA activities on Public Expenditure Management (FY05) and a unplanned study on Budgetary and Poverty Impact of Petroleum Pricing (FY05). Both came too late in the CAS period to influence the public expenditure allocations or meet the results expected under this CAS.

**Objective II: Improve the Investment Environment**

- *Better investment climate through macro stability, improved business regulations, security, property rights, improved access to finance and physical infrastructure:* Yemen's short-term macroeconomic situation has improved with real GDP growth averaging four percent a year and positive fiscal and current account balances since 1999. However, these improvements have been the result of high oil prices rather than structural adjustments. Fiscal adjustments were not made until FY06 and the measures taken were subsequently diluted, leaving a large non-oil fiscal deficit. The Bank's contribution to non-oil production and diversification was modest, as two of the three planned projects were not implemented. The main AAA activities – the *Investment Climate Assessment (ICA)* and the *Development Policy Review (DPR)* – were not completed during the CAS period (ICA in FY06 / DPR is still ongoing), and it is too early to assess the impact of these activities. The Bank's Fishery Sector Strategy led to policy changes in the fisheries sector, spurring double-digit growth in small-scale fishing production, employment, and exports over the last four years, making fish the second largest export. Progress in other sectors, however, has been limited and the majority of CAS targets were not met – e.g. inflation rates (target: under 10% of GDP vs. actual 15%), investment rates (target: increase from 20.6% to 26% vs. actual 20.4%), substantial increase in non-oil revenue (9.7% of GDP in 2002; decreased to 9.6% of GDP in 2004) (see CAE Table 6 and CASCR para. 28). Yemen also ranks 90<sup>th</sup> out of 155 countries in ease of doing business, but 151<sup>st</sup> in ease of starting a business (see *Doing Business 2006*).

- Reduce the role of the state in commercial activities: The Bank's contribution to privatization was thwarted when Parliament failed to approve the Privatization Support Project. The financial sector dialogue has had modest impact following the FSAC, which closed in FY99. Implementation of financial sector reforms has been slow.

**Objective III: Build and Protect Human Capital**

- Improve access and quality of education at all levels, with emphasis on girls and women: Under the Bank's *Basic Education Expansion Project* (BEEP) gross enrollment rates for girls reached 62 percent, exceeding the target rate of 57 percent. Improvements have also been made at the secondary level—the *Education Sector Investment Project*, which supported an increase in the share of girls in secondary education from 26 to 39 percent, despite weak implementation capacity. Additional assistance for secondary education is forthcoming with the *Secondary Education Review* (delayed from FY04 to FY06), and a proposed *Girls' Secondary Education Project* (delayed from FY05 to FY07). Not mentioned in the CASCR is the increase in access to education and the reduction in the gender gap provided under the Social Fund Projects, which focused on the construction and rehabilitation of classrooms to provide places for close to 470,000 students, and the allocation of funds to expand infrastructure for basic education, form parent committees, and train teachers. Yet while improvements in access to education are visible, improvements in the quality of education are less straight-forward. Teacher training has been on-going, but benchmarks are not available by which to measure outcomes and not enough teachers have been assigned to rural areas.
- Improve coverage and quality of health services: Bank support to the health sector has not been successful due in part to weak implementation capacity of the Ministry of Public Health and Population (MoH). The *Family Health Project* closed in FY03 with an unsatisfactory outcome rating. The current ISR ratings for the ongoing *Health Reform Support Project* are moderately unsatisfactory for project implementation and development objectives. As a result, high fertility rates have yet to be addressed effectively through health and family planning services.

**Objective IV: Ensuring Environmental Sustainability**

- Policies and investments for water sustainability: The Bank's Country Water Resource Assistance Strategy (FY05), prepared in close consultation with the Government, marks an important change in the Bank's approach to the water sector—from being infrastructure-dominant to increasingly oriented toward water resource management. Three projects were implemented to promote the new reform agenda – *Sana'a Basin Water Mgmt.* (FY03 / \$24m), *Groundwater and Soil Conservation* (FY04 / \$40m), and the *Urban Water and Sanitation Project* (FY03 / \$130m), but it is too early to assess their impact. Still, groundwater depletion continues unabated, with the agriculture sector accounting for 90% of the water use in Yemen. Further, Yemen is well below the MDG targets for rural water coverage (25% actual vs. 65% target) and rural sanitation coverage (25% actual vs. 52%) (see CASCR table 10). And the implications of qat on water use—as well as other social costs—have only been addressed indirectly by CASs to date.
- Mitigation measures against depletion of other natural resources and pollution: Of the planned AAA work, only the Coastal Aquifers Development Strategy (FY03) was conducted. The Environmental Safeguards Assessment, Agriculture and Mariculture Export Study were dropped.

<b>Achievement of CAS Objectives</b>			
<b>Objectives</b>	<b>CASCR Rating</b>	<b>IEG Rating</b>	<b>Explanation / Comments</b>
Improve Public Sector Governance	Unsatisfactory	Unsatisfactory	Little progress has been achieved. Public sector employment increased, pay reforms and restructuring of key ministries has been delayed; service delivery standards remain low; and financial management and judicial reforms are slow.
Improve Investment Environment	Unsatisfactory	Moderately Unsatisfactory	Fiscal revenues have increased and economic expansion has been maintained. However, this is more due to higher oil prices than structural reforms. Investor confidence has deteriorated due to concerns over security and corruption. High oil prices have reduced the government's incentive to address the non-oil fiscal deficit.
Build and Protect Human Capital	Moderately Satisfactory	Moderately Satisfactory	Primary school enrollment has shown impressive gains, especially for girls. Social Fund Projects contributed to the construction and rehabilitation of classrooms. Health indicators, however, showed limited progress and healthcare provision remains inadequate.
Ensure Environmental Sustainability	Moderately Unsatisfactory	Moderately Unsatisfactory	While the water strategy formulation has improved, tangible results and conservation of water resources has yet to be seen. And efforts to mitigate the depletion of other natural resources and pollution have been limited.

**Comments on Bank Performance:**

While the design of Bank's assistance strategy was responsive to the country's needs and aligned with PRSP and SFYS, the actual program delivered was less relevant. The Bank was overoptimistic in terms of (a) the implementation capacity for complex projects and AAA; (b) the government's level of ownership of the program, particularly in terms of civil service reform and decentralization; and (c) the tangible results that could effectively be achieved with the Bank's interventions. The high level of turnover in team leaders and loss of Bank staff during the CAS period led to inadequate levels of supervision, especially in light of the complexities of the CSM and Health Projects. This contributed to implementation delays and significant scaling back in the AAA program. Although the products delivered were typically of high quality, the majority was delivered at the end of the CAS period, and the lack of dissemination strategies or follow-up efforts limited their impact.

The CASCR notes that the relatively small number of donors active in Yemen (Arab Funds, EU, Germany, the Netherlands, the UK, US and the UN) – most with particular sectoral/thematic focuses – facilitates coordination efforts. However, some donors expressed to the CAE mission, the view that the Bank was not interested in donor harmonization or that Bank project design was based on Bank priorities rather than Yemen's needs, raising questions as to the effectiveness of coordination. The country team notes that there has been a recent improvement in coordination efforts—particularly in areas of education, water, public finance management and health.

#### 4. Overall IEG Assessment

<b>Outcome:</b>	<i>Moderately Unsatisfactory</i>
<b>Bank Performance:</b>	<i>Moderately Unsatisfactory</i>

Limited progress has been made on key systemic issues, such as governance and investment climate. But a positive change of direction seems to be underway.

#### 5. Assessment of CAS Completion Report

The CASCR provides a thorough and frank assessment of the implementation and outcomes of the country program. Although the FY03 CAS was not designed to be results-based, the CASCR does an admirable job of identifying and measuring 65 program indicators / benchmarks by which to assess progress under the CAS pillars. The CASCR adequately acknowledged and incorporated the IEG recommendations from both the FY99 and FY06 CAEs. And the lessons from the previous CAS implementation have been well received and integrated into the development of the new CAS.

#### 6. Findings and Lessons

The CASCR identifies a number of lessons for the subsequent CAS design:

- **Balance and Selectivity:** with the limited level of donor assistance to Yemen, the Bank will need to strategically balance its portfolio to address both the short-term growth crisis and long-term capacity development and public sector accountability.
- **Focus on Implementation of Non-Lending Products:** there needs to be a clear process by which to disseminate individual Bank reports, as well as to repackage the lessons/messages of Bank AAA for dissemination to the general public.
- **Focus on Implementation of Lending Products:** many of the lending operations in the previous CAS were over-optimistic regarding the government's willingness and ability to implement the complex programs. Greater efforts need to be made to ensure the level of readiness of the borrower to implement projects before they are delivered to the Board for approval.

IEG agrees with the lessons drawn in the CASCR and would like to add that to ensure the relevance of the Bank's strategy in Yemen, it will be essential to address the nexus of a) weak governance; b) water depletion; c) population growth; d) learning outcomes; and e) qat cultivation.

- **Governance:** is a key constraint in the delivery of public services and to improving the investment climate. As suggested in the CAE, the Bank needs to be more fully engaged with the Government through regular consultations and could benefit from the presence of a public sector specialist in the field. A system of monitoring and evaluation needs to be embedded in Bank activities. And the gap between strategy and implementation needs to be narrowed.
- **Water Conservation:** the depletion of groundwater is a critical issue in Yemen. The Bank needs to continue its new approach towards water resource management both through promotion of water and land resource conservation programs and through continuation of the water sector policy dialogue with the Government (see CAE and Yemen Water PPAR FY06).
- **Population Policy:** Although the Bank has tackled one of the fundamental causes of high fertility – inadequate education for girls – this alone is not sufficient. Over the long term, the Bank must do more to deepen its engagement in the health sector by supporting reproductive health and family-planning services, as well as to assist in development of public advocacy to raise awareness on the population issue.
- **Learning Outcomes:** increased enrollment, by itself, does not guarantee the acquisition of

basic education skills. While much has been done to improve access to education and to narrow the gender gap, increased attention also needs to be given to learning outcomes and the quality of education provided.

- **Qat:** As noted in the CAE and the CASCR qat is a cross-cutting issue which depletes water, damages health, and decreases the productivity of the labor force. It is also a very political issue in Yemen, but one that the Bank can no longer ignore.

In addition, the Bank needs to be more realistic in assessing the ownership, speed of implementation and likely outcomes of operations in order to improve the results of its interventions in Yemen.

**Annex Table 1: Yemen CAS - Proposed vs. Actual Commitments (\$US millions)**

FY	Projects	IDA	Status	IDA	Objective <sup>b</sup>
<b>Planned</b>					
FY03	Urban Water Supply and Sanitation	130.0	Actual	130.0	d
FY03	Port Cities Development	23.0	Actual	23.4	a, b
FY03	Sana'a Basin Water Management	40.0	Actual	24.0	d
FY03	Groundwater and Soil Conservation	35.0	Delayed FY04	40.0	d
FY04	District and Community Development	30.0	Dropped		a, b
FY04	Social Fund III	20.0	Actual	60.0	c
FY04	Second Basic Education Expansion	60.0	Delayed FY05	65.0	c
FY05	Girl's Secondary Education	30.0	Pipeline FY07		c
FY05	Second Rural Access	22.0	Delayed FY06		b, c
FY05	Vocational Training II	5.0	Dropped		c
FY05	Civil Service Modernization II	15.0	Dropped		a
<b>Total Planned</b>		<b>410.0</b>		<b>342.4</b>	
<b>Non-Programmed</b>					
FY04	Public Works III		Additional	45.0	c
<b>FY03-05 Commitments<sup>a</sup></b>		<b>410.0</b>		<b>387.4</b>	
<b>Project Approved since the close of the CAS Period<sup>a</sup></b>			<b>Status</b>	<b>IDA</b>	
FY06	Fisheries Res. Mgmt. & Conservation		Additional	25.0	
FY06	Second Rural Access		From FY05	40.0	
FY06	Rural Access APL		Additional	40.0	
FY06	Power Sector Project		Additional	50.0	
<b>Total</b>				<b>155.0</b>	

Source: Yemen 2003 Country Assistance Strategy - Base Case and World Bank Business Warehouse

<sup>a</sup> Note: While the CAS covered FY03-05, the table also shows projects approved in FY06 prior to the CAS discussion. These projects will be included under the new CAS program.

<sup>b</sup> Objectives:

- a) Improve Public Sector Governance
- b) Improve the Investment Environment
- c) Build and Protect Human Capital
- d) Ensure Environmental Sustainability



**Annex Table 2: Yemen CAS - Proposed vs. Actual Analytical and Advisory Work FY03-06**

FY	ESW	Status	Objective <sup>b</sup>
<b>Planned</b>			
FY03	Public Expenditure Management	Delivered in FY05 - Draft to Client 5/31/05	a
	Country Financial Accountability Assessment	Delivered in FY05 - no action plan as of yet	a
	Country Procurement Assessment Report	Dropped	a
	Budget Expenditure and Streamlining became:		
	Budget Reform and Decentralization	Delivered in FY05 - not publicly disseminated	a
	Economic Monitoring (FY03-05)	Dropped	a,b
	Power Sector Reform (FY03-04)	Dropped	b,d
	Gender Note / Assessment	Delivered in FY04 - not publicly disseminated	c
	Fisheries Management Support	Dropped	d
	Rural Energy (ESMAP)	Delivered in FY06 - Rep. ESM315	d
FY04	Integrated Framework for Trade	Dropped	b
	Infrastructure for Mineral Exports	Dropped	b
	Poverty Update	Delivered in FY03 - Rep. 24422	c
	Second Education Review	Delivered in FY06 - Draft to Client 3/3/06	c
	Vocational Training Strategy	Delivered in FY05 - Draft to Client 10/7/04	c
	Population Policy Note	Delivered in FY03 - Draft to Client 4/3/03	c
	Coastal Aquifers Development Strategy	Delivered in FY05	d
	Land Registration became:		
FY05	Urban Land Policy Administration	Delivered in FY05 - Rep. 32559	b
	Development Policy Review	Ongoing (due in FY06)	a
	Investment Climate (FY03-05)	Delivered in FY06	b
	Country Water Resources Assistance Strategy	Delivered in FY05 - Rep. 31779	d
	Agriculture & Mariculture Exports	Dropped	b
<b>Non-Programmed</b>			
	EPI & Public Health Programs	Delivered in FY03 - Rep. 25928	b
	Rural/Local Development Strategy	Delivered in FY03 - according to CASCR	a,b
	ROSC - Accounting and Auditing	Delivered in FY04 - according to CASCR	a,b
	Budget/Poverty Impacts of Petroleum Pricing	Delivered in FY05 - according to CASCR	a,b
	Social Assessment	Delivered in FY06	c
	Women in the Local Economy of Aden	Delivered in FY06 - Rep. 32259	b,c
<b>TA</b>			
FY03	Public Services Delivery (IDF)		a
	Procurement Capacity Building (IDF)	Delivered 10/10/03	a
	Financial Sector Dialogue	Ongoing	b
	Tourism Development (IDF)	Dropped	b
	Development Research Forum	Dropped	c
	Development Information Center	Ongoing	c
	M & E Capacity Building (FY03-05)	Dropped	a
	Environmental Safeguards	Delivered 3/4/04	d
FY04	Children at Risk (JSDF) (FY04-05)	Dropped	c
	Literacy	Dropped	c
<b>Non-Programmed</b>			
	Statistical Capacity Building	Delivered to client: 4/14/05	a,b
	Support to National Commissions	Draft to client: 5/30/06	a
	Coordinating Environmental Health	Final delivery to client: 1/2/06	c,d
	Household Budget Survey	Draft to client: 6/24/06	a,c

Source: Yemen 2003 Country Assistance Strategy, Yemen CASCR, Yemen CAE, and World Bank Imagebank.

<sup>a</sup> Note: While the CAS covered FY03-05, the table includes projects through FY06.

<sup>b</sup> Objectives:

- a) Improve Public Sector Governance
- b) Improve the Investment Environment
- c) Build and Protect Human Capital
- d) Ensure Environmental Sustainability

Annex Table 3: IEG Project Ratings for Yemen, Exit FY 2003-2006

Exit FY	Project Name	Total Evaluated (\$M)	IEG Outcome	IEG Sustainability	IEG ID Impact
2003	RY Sana'a WS/Sanitation	22.6	MODERATELY SATISFACTORY	UNLIKELY	MODEST
	FAMILY HEALTH	24.5	UNSATISFACTORY	NON-EVALUABLE	MODEST
	RY SOCIAL FUND DEVPT	29.3	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL
	RY LEGAL & JUDICIAL DEV	1.9	MODERATELY SATISFACTORY	UNLIKELY	MODEST
	RY Public Works II	46.5	HIGHLY SATISFACTORY	LIKELY	SUBSTANTIAL
2004	RY Vocational Training	20.0	MODERATELY UNSATISFACTORY	LIKELY	MODEST
	RY-SEEDS & AG. SERVICES	12.3	MODERATELY SATISFACTORY	NON-EVALUABLE	MODEST
2005	RY Education Sector	31.6	MODERATELY SATISFACTORY	LIKELY	MODEST
	RY-SANA'A EMERGENCY POWER	52.2	MODERATELY SATISFACTORY	LIKELY	MODEST

  

Total		Outcome		Inst Dev Impact		Sustainability	
Evaluated (\$M)	Total Evaluated (No)	% Sat (\$)	% Sat (No)	% Subst (\$)	% Subst (No)	% Likely (\$)	% Likely (No)
Yemen	241.0	81.5	77.8	31	22.2	88.0	71.4
MNA	2,333.7	80.8	72.2	29	31.6	86.8	70.4
World Bank	57,555.5	81.6	78.5	59	55.2	82.5	78.9

Source: Business Warehouse as of 4/24/06 4a5, 4a6

**Annex Table 4: Projects at Risk FY03-06**

<b>Fiscal year</b>		<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Yemen	# Proj	18	19	17	18
	Net Comm Amt	675.8	784.0	687.0	718.4
	# Proj At Risk	2	4	1	1
	% At Risk	11.1	21.1	5.9	5.6
	Comm At Risk	50.7	98.8	27.5	27.5
	% Commit at Risk	7.5	12.6	4.0	3.8
Cameroon	# Proj	9	7	7	8
	Net Comm Amt	504.3	227.8	192.6	217.6
	# Proj At Risk	3	3	2	2
	% At Risk	33.3	42.9	28.6	25.0
	Comm At Risk	247.4	76.7	77.7	74.6
	% Commit at Risk	49.1	33.7	40.4	34.3
Nigeria	# Proj	12	15	17	20
	Net Comm Amt	911.3	1,228.3	1,503.1	1,875.1
	# Proj At Risk	9	8	7	8
	% At Risk	75.0	53.3	41.2	40.0
	Comm At Risk	722.6	812.6	643.3	725.0
	% Commit at Risk	79.3	66.2	42.8	38.7
Pakistan	# Proj	13	16	14	16
	Net Comm Amt	1,203.8	1,426.4	966.8	1,761.0
	# Proj At Risk	1	1	1	2
	% At Risk	7.7	6.3	7.1	12.5
	Comm At Risk	284.8	284.8	61.1	98.2
	% Commit at Risk	23.7	20.0	6.3	5.6
Senegal	# Proj	18	14	15	14
	Net Comm Amt	777.0	686.8	632.2	591.3
	# Proj At Risk	2	3	1	2
	% At Risk	11.1	21.4	6.7	14.3
	Comm At Risk	160.0	210.0	45.0	65.0
	% Commit at Risk	20.6	30.6	7.1	11.0
MNA	# Proj	109.0	99.0	89.0	93.0
	Net Comm Amt	4,763	4,961	5,365	5,941
	# Proj At Risk	18.0	16.0	12.0	11.0
	% At Risk	16.5	16.2	13.5	11.8
	Comm At Risk	768.3	405.8	419.9	359.5
	% Commit at Risk	16	8	8	6
Bank Wide	# Proj	1,395.0	1,346.0	1,332.0	1,326.0
	Net Comm Amt	94,772	92,554	93,212	91,894
	# Proj At Risk	218.0	228.0	224.0	218.0
	% At Risk	15.6	16.9	16.8	16.4
	Comm At Risk	14,141.5	14,742.1	12,552.7	14,408.0
	% Commit at Risk	15	16	13	16

Source: Business Warehouse 3a4 as of 4/24/06

**Annex Table 5: Yemen -IBRD/IDA Net Disbursements and Charges, FY03-06**  
(in US\$ millions)

Fiscal Year	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
2003	86,805,528.57	21,293,974.45	65,511,554.12	10,109,625.36	0.00	55,401,928.76
2004	93,118,978.62	24,814,917.42	68,304,061.20	11,501,767.38	1,267,469.28	55,534,824.54
2005	96,570,992.41	26,647,229.11	69,923,763.30	12,327,865.93	2,492,777.63	55,103,119.74
2006	116,989,934.98	22,555,547.71	94,434,387.27	10,479,610.64	1,683,707.27	82,271,069.36
<b>Total</b>	<b>393,485,434.58</b>	<b>95,311,668.69</b>	<b>298,173,765.89</b>	<b>44,418,869.31</b>	<b>5,443,954.18</b>	<b>248,310,942.40</b>

Source: Client Connection as of 4/24/06

**Annex Table 6: External Assistance to Yemen,  
Total Net ODA Disbursement, 2003-2004**

(in US \$M)

	2003	2004	Total
Austria	0.04	0.04	0.08
Belgium	0.11	0.08	0.19
Canada	0.53	0.58	1.11
Czech Republic	0.34	0.27	0.61
Denmark	0.06	0.81	0.87
France	4.08	3.67	7.75
Germany	32.96	35.83	68.79
Greece	0.04	0.05	0.09
Hungary	0.01	0.37	0.38
Ireland	-	0.04	0.04
Italy	0.69	4.19	4.88
Japan	24.54	18.18	42.72
Korea	0.15	1.31	1.46
Lithuania	0	-	0
Netherlands	28.73	29.84	58.57
Norway	0.31	0.43	0.74
Poland	0.05	0.06	0.11
Slovak Republic	0.02	0.01	0.03
Spain	8.6	2.63	11.23
Sweden	0.33	0.32	0.65
Turkey	0.01	0.03	0.04
United Kingdom	2.87	12.66	15.53
United States	22.7	43.29	65.99
<b>Total Bilateral Donors</b>	<b>127.17</b>	<b>154.69</b>	<b>281.86</b>
Arab Agencies	0.85	10.8	11.65
Arab Countries	-2.77	-1.56	-4.33
DAC Countries, Total	126.59	152.64	279.23
DAC EU Members, Total	78.51	90.16	168.67
EC	26.2	23.75	49.95
G7, Total	88.37	118.4	206.77
GEF	0.13	0.38	0.51
IDA	66.07	66.17	132.24
IFAD	2.07	2.73	4.8
Non-DAC Bilateral			
Donors, Total	-2.19	0.49	-1.7
Other UN	0.49	0.16	0.65
SAF+ESAF+PRGF(IMF)	-12.31	-31.41	-43.72
UNDP	4.63	5.51	10.14
UNFPA	2.24	4.06	6.3
UNHCR	2.95	2.42	5.37
UNICEF	3.5	3.56	7.06
UNTA	3.64	3.16	6.8
WFP	9.15	7.45	16.6
<b>Multilateral, Total</b>	<b>109.61</b>	<b>98.74</b>	<b>208.35</b>
<b>ALL Donors, Total</b>	<b>234.01</b>	<b>251.87</b>	<b>485.88</b>

Source: OECD Database, DAC 2a as of 4/24/06

<b>Annex Table 7. Yemen Key Economic and Social Indicators</b>				<b>Average</b>
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2002-2004</b>
<i>Economic Indicators<sup>1</sup></i>				
<b>Production and Prices</b>	<i>(Change in percent)</i>			
Real GDP at market prices	3.9	3.1	2.7	3.2
Real non-oil GDP	4.6	4.0	4.1	4.2
Real oil GDP	0.4	-1.8	-5.9	-2.4
Core consumer price index (annual average)	6.8	11.9	12.0	10.2
<b>Government Finance</b>	<i>(In percent of GDP)</i>			
Total Revenue and grants	33.6	33.1	35.0	33.9
Oil Revenue	22.3	23.6	25.2	23.7
Non-oil Revenue	9.7	9.1	9.6	9.5
Total Expenditure	34.8	38.2	39.4	37.5
Current	27.7	28.6	29.6	28.6
Development	7.1	9.7	8.8	8.5
Overall balance including grants (commitment basis)	-1.2	-5.2	-4.4	-3.6
Primary non-oil fiscal balance (commitment, including grants, excluding oil and gas revenues)	-21.5	-26.9	-27.5	-25.3
<b>Financial Indicators</b>				
Exchange rate (eop) (Yris per U.S. dollar)	178.9	184.3	185.4	182.9
Real effective exchange rate (1995=100)	189.4	178.8	183.4	183.9
Average oil prices (in US\$/barrel)	24.6	28.0	34.8	29.1
Total net output (in thousands of barrels/day)	433.0	425.0	400.0	419.3
Exports of crude oil (in millions of US\$)	3134.0	3417.0	3893.0	3481.3
Non-oil exports (in millions of US\$)	215.0	234.0	260.0	236.3
Workers' remittances, net (in millions of US\$)	1230.0	1137.0	1168.0	1178.3
Current Account Balance (in % of GDP)	5.4	1.1	1.0	2.5
Gross foreign reserves (in months of imports)	17.0	16.0	16.4	16.5
Petroleum subsidy (in % of GDP)	3.0	5.0	5.7	4.6
<i>Social Indicators<sup>2</sup></i>				
Literacy rate, adult total (% of people ages 15 and above)	49.0	..	..	49.0
Immunization, DPT (% of children ages 12-23 months)	69.0	66.0	..	67.5
Life expectancy at birth, total (years)	57.4	57.7	..	57.6
Mortality rate, infant (per 1,000 live births)	..	82.0	..	82.0
School enrollment, preprimary (% gross)	0.7	..	..	0.7
School enrollment, primary (% gross)	83.5	..	..	83.5
School enrollment, secondary (% gross)	47.3	..	..	47.3
Population growth (annual %)	3.0	3.0	3.0	3.0
Population, total (millions)	18.6	19.2	19.8	19.2
Urban population (% of total)	25.4	25.7	26.0	25.7

1: IMF Statistics

2: World Bank DDP as of 2/8/06

Annex Table 8: Yemen- Millenium Development Goals

Millennium Development Goals					
	1990	1994	1997	2000	2003
<b>Goal 1: Eradicate extreme poverty and hunger</b>					
Percentage share of income or consumption held by poorest 20%	..	..	7.4	..	..
Population below \$1 a day (%)	..	..	15.7	..	..
Population below minimum level of dietary energy consumption (%)	..	..	36	..	36
Poverty gap ratio at \$1 a day (incidence x depth of poverty)	..	..	4.5	..	..
Poverty headcount, national (% of population)	..	..	41.8	..	..
Prevalence of underweight in children (under five years of age)	..	39	46.1	..	..
<b>Goal 2: Achieve universal primary education</b>					
Net primary enrollment ratio (% of relevant age group)	51.7	..	57.4	67.1	71.8
Primary completion rate, total (% of relevant age group)	..	..	58	58	66
Proportion of pupils starting grade 1 who reach grade 5	..	..	..	74.5	..
Youth literacy rate (% ages 15-24)	50	57	61.2	65	67.9
<b>Goal 3: Promote gender equality and empower women</b>					
Proportion of seats held by women in national parliament (%)	4	..	1	1	1
Ratio of girls to boys in primary and secondary education (%)	..	..	50	55.6	60.8
Ratio of young literate females to males (% ages 15-24)	34.1	42.2	48.8	55.7	60.3
Share of women employed in the nonagricultural sector (%)	8.9	7.9	7.1	6.3	5.8
<b>Goal 4: Reduce child mortality</b>					
Immunization, measles (% of children ages 12-23 months)	69	31	46	71	66
Infant mortality rate (per 1,000 live births)	98	89	..	84	82
Under 5 mortality rate (per 1,000)	142	126	..	117	113
<b>Goal 5: Improve maternal health</b>					
Births attended by skilled health staff (% of total)	..	..	21.6	..	..
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	570	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>					
Contraceptive prevalence rate (% of women ages 15-49)	9.7	..	20.8	..	23
Incidence of tuberculosis (per 100,000 people)	137.6	121.8	111.1	101.4	92.5
Number of children orphaned by HIV/AIDS	..	..	..	..	..
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..
Tuberculosis cases detected under DOTS (%)	..	..	30	54.3	43.3
<b>Goal 7: Ensure environmental sustainability</b>					
Access to an improved water source (% of population)	69	..	..	..	69
Access to improved sanitation (% of population)	21	..	..	..	30
Access to secure tenure (% of population)	..	..	..	..	..
CO2 emissions (metric tons per capita)	0.7	0.7	0.8	0.5	..
Forest area (% of total land area)	1	..	..	0.9	..
GDP per unit of energy use (1995 PPP \$ per kg oil equivalent)	2.8	3.4	3.6	3.8	3.8
Nationally protected areas (% of total land area)	..	..	..	..	..
<b>Goal 8: Develop a global partnership for development</b>					
Aid per capita (current US\$)	34.1	11.5	22.2	15.1	12.7
Debt service (% of exports)	..	..	..	..	..
Fixed line and mobile phone subscribers (per 1,000 people)	11	12.4	14.1	20.6	48.9
Internet users (per 1,000 people)	..	..	0.2	0.8	..
Personal computers (per 1,000 people)	..	..	1.2	1.9	7.4
Total debt service (% of exports of goods and services)	5.6	3.5	2.6	4.5	3.1
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..	..
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..	..
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..	..
<b>Other</b>					
Fertility rate, total (births per woman)	7.5	6.5	6.4	..	6
GNI per capita, Atlas method (current US\$)	..	290	340	420	520
GNI, Atlas method (current US\$) (billions)	..	4.2	5.4	7.3	9.9
Gross capital formation (% of GDP)	14.6	21	24.7	17.4	17.1
Life expectancy at birth, total (years)	52.2	..	55	..	57.7
Literacy rate, adult total (% of people ages 15 and above)	32.7	38.8	42.7	46.4	49
Population, total (millions)	11.9	14.8	16.1	17.5	19.2
Trade (% of GDP)	34.4	109.9	80.2	77.6	67.1

Source: World Development Indicators database, April 2005