



## Republic of Yemen

# The World Bank

Middle East North Africa Region



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## Donors Pledge Commitment to Yemen's Development

**LONDON, November 16, 2006**— Yemen's development partners reaffirmed their support for the country's efforts to reduce poverty through macroeconomic stability and structural reforms. Approximately US \$4.7 billion was pledged for the four-year period 2007-2010 at the fourth Consultative Group (CG) meeting of donors for Yemen, held in London on November 15-16, 2006. This is a significant increase in assistance and represents over 85 percent of the Governments' estimated external financing needs. Before this meeting, Official Development Assistance (ODA) for Yemen represented less than US\$ 13 per capita—about one-third of the average for Least Developed Countries (LDCs).

The meeting was hosted by the UK Government and was sponsored by the Gulf Cooperation Council (GCC). It was jointly chaired by the Government of Yemen, led by H.E. Ali Abdulla Saleh, President of the Republic of Yemen, and the World Bank led by Daniela Gressani, Vice President for the Middle East and North Africa. The meeting was attended by senior officials representing 39 countries and development agencies.

H.E. **Ali Abdulla Saleh**, the President of the Republic of Yemen expressed his appreciation for the World Bank in co-chairing the meeting and his satisfaction with the support promised by the development partners to reduce poverty in Yemen. *"We reaffirm our commitment to continue on the path of reform to achieve all declared objectives of economic development and social progress,"* the President stated.

The meeting focused on three main topics: the economic and social progress achieved by Yemen in recent years; the challenges facing the country over the medium-term; and the financial needs to support the implementation of the Third Five-Year Socio-Economic Development Plan for Poverty Reduction and its Public Investment Program.

*"The meeting represented an important step in the process of enhancing the partnership between the Government of Yemen, development partners and neighboring countries"* said **Daniela Gressani**, World Bank Vice President. H.E. **Abdulrahman bin Hamad Al-Attiyah**, GCC Secretary General, added that, *"This conference is a significant undertaking to provide for the development needs of Yemen and to establish long term partnership between Yemen and the donors. We look at this conference not as an end, but as an important step at the beginning of the road."*

During the meeting, the Yemeni delegation briefed the international donor community on the political, social and economic developments that had taken place since the unification of the country

in 1990. The delegation noted the priority that the government places on improving Yemen's investment climate and strengthening democratic institutions. Yemen's commitment was evidenced by its adoption and implementation of the National Reform Agenda in 2006. Good progress had been made in a number of areas, including governance, with the adoption of anti-corruption measures, financial disclosure for public officials, procurement transparency and greater independence for the judiciary and the supreme audit institution. The Yemeni delegation noted that more support was needed to deal with the key challenges facing the country, namely declining oil-resources, the need to generate non-oil and pro-poor growth, high population growth, poor human capital, water scarcity, poor infrastructure and limited access to social services.

*“Today, we are here to start a new chapter together: A new era of partnership for development, supported by a renewed commitment to urgent reforms,”* stated Mr. **Abdulkarim Al-Arhabi**, Yemen's Minister of Planning and International Cooperation. *“This emerging new partnership is tripartite comprising Yemen, traditional donors and the Gulf Cooperation Council member countries. Our GCC brethren have been fully involved in this landmark meeting to the mutual benefit of all sides,”* he added.

**Gareth Thomas**, British Parliamentary Under Secretary of State, DFID, said that, *“I am delighted that the conference has been such a success for Yemen. The UK is proud to become the leading EU aid donor to Yemen with our support rising to \$222 million over the period to 2011, a 400% increase. The pledges will help improve the quality of life for the people of Yemen by reducing the number of children who die needlessly every year, allow more young girls to go to school and give the economy a welcome injection of funds.”*

Participants were encouraged with Yemen's progress and commended the Yemeni government's efforts as well as the recent success of holding Presidential and Local Council elections. Development partners also noted that while the near-term outlook remains manageable, the expected rapid decline in oil production raises serious concerns about long-term sustainability. Yemen must urgently promote non-oil activities, with emphasis on pro-poor growth.

In closing the meeting, the chairperson noted that the Consultative Group meeting was an important event for the Government of Yemen. It had given the Yemeni delegation an opportunity to interact directly with international and regional donors and make a strong case for their involvement in Yemen's development process. There was also agreement to hold a follow-up meeting in Sana'a in May 2007 to review progress in implementation.

It should be noted that Yemen is a World Bank Group IDA recipient country, with per capita GDP of US\$600. It has a population of 21 million, with nearly half at or below the age of 15. About 42 percent of the population—largely living in rural areas—is below the poverty line (1998 figure).

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