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Contacts:

In Washington:

Cathy Russell, tel. (+1) 202 458 8124 crussell@worldbank.org

In Sana'a:

Samra Shaibani, sshaibani@worldbank.org

World Bank Helps Expand Access to Water Supply to Poor Households in Yemen

Sana'a, April 12, 2010 – The World Bank, acting as administrator for the Global Partnership on Output-Based Aid (GPOBA), has approved a grant for US\$5 million for a scheme to expand access to water supply for poor households living in peri-urban areas of Yemen that are not currently served by the water network.

Around 210,000 people are expected to benefit from the scheme, including 38,000 people in the first phase of the project which will target low-income neighborhoods in Sana'a City, Ibb City, Dham-ar Governorate, and Hajah Governorate.

“The GPOBA project is a part of a larger sector-wide effort by the Government of Yemen and donors to increase access to water supply and sanitation services,” said A. David Craig, World Bank Country Director for Yemen. *“By providing incentives for private operators to serve poor households, the output-based aid component will provide a complementary approach and help to close the affordability and service gap in peri-urban areas”*, he added.

Yemen is the poorest country in the Middle East and North Africa region and one of the most water-scarce nations in the world. Only 56 percent of the urban population has access to piped water and many poor households living in peri-urban areas have to buy water from private tanker operators, who typically charge ten times more than the price of piped water from public suppliers. As part of its reform of the water sector, the Government has created Local Water and Wastewater Corporations and introduced policies to increase coverage for the poor, but many peri-urban areas still lack access to improved water services and the local corporations are unable to meet all the demands. Partnerships with the local private sector are now being explored to address the service gap.

Under the GPOBA scheme, private operators will be selected competitively, based on the lowest subsidy needed. The output-based approach will transfer operational and financial risk to the private operators by disbursing subsidies only after the agreed outputs have been delivered and verified. These outputs include building or rehabilitating water supply systems (wells, pumps, and storage), installing domestic connections, and delivering water supply for a period of three months. The beneficiary households will only have to pay 50 percent of the connection fee and will have an option to pay part of the amount in installments.

The Project Management Unit of the urban component of the multi-donor Water Sector Support Program, which is supported by the governments of Yemen, the Netherlands, and Germany, and the World Bank, will coordinate the tender process and manage the GPOBA funds.

“This project will help to strengthen the role of Yemen’s private sector in the water sector and should also help define partnership arrangements between local private providers and local government water corporations,” said Richard Pollard, World Bank and GPOBA task team leader for the project. *“The beneficiary households will be able to make significant savings on monthly water bills and on health care costs linked to use of contaminated water”*, he went on to say.

GPOBA is drawing on funds from the UK’s Department for International Development (DFID) for this project. The scheme is also leveraging US\$9.1 million from the World Bank’s International Development Association (IDA) and US\$2 million from the Government of Yemen.

The Global Partnership on Output-Based Aid (GPOBA) is a global partnership program administered by the World Bank. GPOBA was established in 2003, initially as a multi-donor trust fund, to develop output-based aid (OBA) approaches across a variety of sectors including infrastructure, health, and education. GPOBA’s portfolio includes 29 OBA subsidy schemes for a total of US\$114.3 million in funding.

GPOBA’s donors are the UK’s Department for International Development (DFID), the International Finance Corporation (IFC), a member of the World Bank Group, the Directorate-General for International Cooperation of the Dutch Ministry of Foreign Affairs (DGIS), the Australian Agency for International Development (AusAID), and the Swedish International Development Cooperation Agency (SIDA).

For more information please visit:

www.gpoba.org
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