



Managing water efficiently

Yemen's supreme audit institution audits the water sector

Yemen is one of the world's water-poorest countries. At the same time, the lack of supporting government structures and the issue of corruption pose major challenges. The weak administrative framework in the water sector leads to mismanagement and prevents equitable distribution of this scarce resource. For the Yemeni people, this means that water is diminishing both in quantity and quality, which impedes efforts to reduce poverty and foster sustainable development.

As an independent institution for external financial control, Yemen's Central Organization for Control and Auditing (COCA) is responsible for auditing the orderly execution and development orientation of government activities. Since 2000, GIZ has been supporting COCA in discharging its duties, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). During its audits, COCA exposes cases of cost ineffectiveness and also of corruption, and enables parliament to effectively control the use of public funds.

Preparing for performance audits

Performance audits are of particular importance in this context. Unlike financial audits, performance audits determine not just whether public funds are used in an orderly and lawful manner, but also whether they are used efficiently, effectively and economically. Supreme audit institutions can only comprehensively fulfil their legal mandate to monitor the government's budget and economic management and contribute to better use of state resources for the country's development if they are able to carry out performance audits. In so doing, auditing institutions enhance transparency and accountability within the state system. After introducing basic quality standards and auditing directives, COCA therefore began to prepare its auditors for carrying out performance audits. On behalf of BMZ and in collaboration with the Regional Court of Audit of Berlin,

GIZ has been conducting a series of training courses since 2008 to prepare COCA personnel to carry out such audits.

Auditing the water sector

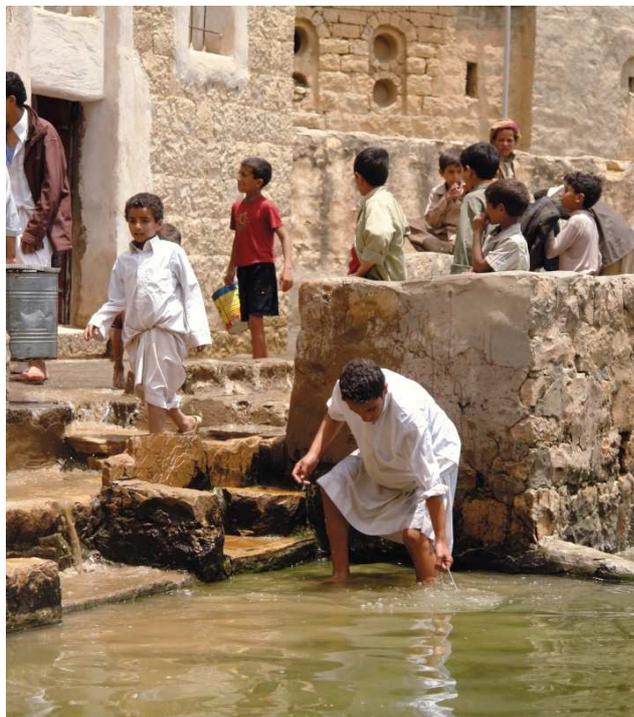
COCA conducted the first performance audits in the water sector in 2010. German support in this area was based not just on experience of financial control, but frequently also on technical expertise related to water. Since Yemen's water supply depends entirely on precipitation and groundwater, sustainable water management is of vital importance. In view of the threat of existing water reservoirs drying up and the need for safe drinking water, it is essential to examine whether funds are used effectively and in accordance with their objectives. At the same time, through this audit COCA also verifies compliance with legal standards and fights corruption in the water sector. It also enables COCA in its consultancy role vis-à-vis public administration to actively support the implementation of key anti-corruption standards and to enhance the public's awareness of Yemen's corruption problem in general.

Learning from cooperation

Three performance audits were carried out in the period from 2006 to 2008: at the General Authority for Rural Water Supply Projects, the Sana'a Basin Water Management Project and the local authority for water management and wastewater disposal in Sana'a City. In July 2010, representatives of COCA and GIZ came together to discuss the results and success factors at a final workshop. The draft reports on the performance of the audited institutions included COCA recommendations for more cost-effective use of funds. Prior to conducting the audits, COCA successfully developed auditing guidelines based on the standards of the International Organization of Supreme Audit Institutions (INTOSAI). The three audit reports also took into account



previously elaborated quality criteria for informative audit reporting.



The final versions of the audit reports are sent to the audited entities. COCA will also present them to the Yemeni Parliament in its quarterly and annual reports. This improves COCA's reporting to parliament, which constitutes

the most important external financial control instrument. Beyond this, extending parliamentary controls over the executive branch is an essential component of a systematic approach to good financial governance. At present, however, major parliamentary capacity deficits reduce the impact of COCA's audit reports.

Towards greater accountability and transparency

COCA will now evaluate the experience gained from the pilot audits and, within its strategic planning, make increasing use of performance audits in other sectors where they can make a valuable contribution to improving transparency, efficiency and effectiveness.

Following the success and the evaluation of the first performance audits, COCA intends to perform such audits again in the water management sector in future, with the aim of improving the quality of Yemen's water supply through its monitoring activities and recommendations. With German support, COCA has been able to build its technical capacities for performance audits. This has also made it possible to improve the institutional framework, especially with regard to reporting to parliament. COCA's auditing activities benefit the people of Yemen in that parliament, government and the audited agencies now discuss the results of the audits and take them into account. In this way, COCA together with its German partners contributes to ensuring a sustainable water supply and to improving accountability and transparency in Yemen.

Published by:
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH
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Photo:
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As of: November 2011