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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR
YEMEN

UNDP assistance requested by the Government of Yemen
for the period 1983-1986

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*The previous country programmes for Yemen were issued under the document symbols DP/GC/YEM/R.1 and DP/GC/YEM/R.2.

INTRODUCTION

1. The Government of the Yemen Arab Republic submits to the Governing Council of the United Nations Development Programme (UNDP), for its consideration, this request for UNDP assistance for the period 1983-1986.

2. The country programming exercise was undertaken in the context of the preparation of the Second Five-Year Development Plan, 1982-1986. The Government of Yemen received UNDP assistance in the preparation of this Plan through projects on development planning and strengthening of statistical services. Due to the recent change in the fiscal year, the First Five-Year Development Plan, which was due to end in June 1981, was extended till mid-1982. In order to synchronize the Plan preparation process with the preparation of the third country programme, the Government requested that the second country programme (1977-1981) be extended for one year. This request was approved by the Administrator of UNDP in May 1981.

3. During 1982, the UNDP programme in Yemen will mainly involve a continuation of selected ongoing activities of the previous country programme, with some preparatory activities for new projects. Most of these activities are to continue into and be considered part of the third country programme in terms of planning and programming. Consequently the role of UNDP during the hiatus year 1982 is consistent with and will form the basis of its role during the 1983-1986 period, as described in paragraphs 15 to 32 below.

4. The amount taken into account for programming for the 1983-1986 period was initially calculated to be US\$19.5 million (\$17.8 million of indicative planning figure (IPF) resources available for programming, \$0.2 million from the Special Measures Fund for the Least Developed Countries and \$1.5 million in cost sharing). These resources, however, after taking into account the effects of inflation, would not maintain the programme at its current level and would not provide any substantial amounts for new activities during the third country programmes.

5. Because of its conviction that the United Nations system, and particularly UNDP, can play a much more active and effective role than the present resource availability allows, the Government of Yemen has campaigned with various potential donors to obtain additional funds to expand the UNDP programme in the form of third-party cost-sharing arrangements. So far, it has succeeded in securing \$2 million for 1982 and an additional \$32.7 million for 1983-1986. Furthermore, in view of the substantial demand for UNDP assistance, the Government will endeavor to secure the additional amounts of \$2 million for 1982 and \$8 million for 1983-1986 from other donors.

6. The anticipated IPF and Special Measures Fund resources and cost-sharing funds likely to be available for the 1983-1986 period thus total approximately \$67.2 million.

7. The Government is also mindful of the resources available under ongoing projects to be continued into the third country programme from special funds administered by the UNDP, especially the United Nations Capital Development

Fund (UNCDF). The Government hopes that these funds may be able to make further contributions to the country during the third country programme period.

NATIONAL DEVELOPMENT OBJECTIVES AND PROGRAMMES TO BE SUPPORTED BY UNDP

8. Yemen has experienced considerable economic progress during the First Five-Year Plan (1977-1981). The gross product (GDP) has increased at an annual rate of 5.9 per cent in real terms. However, despite the substantial amount of improvement attained in recent years - by way of establishing modern institutions, building infrastructure, expanding public services and incurring a sizeable amount of investment from the private sector - there still remain significant constraints to enhancement of the socio-economic development of the country.

9. The main development constraints, as identified in the Second Five-Year Plan, are: a crucial scarcity of trainer manpower; a low productivity, particularly in the agricultural sector; an emerging but still weak administrative, organizational and institutional structure and infrastructure; under-utilization of known exploitable natural resources; dependance on external inflows of funds; and large importations of both producer and consumer goods, resulting in balance of payment deficits.

10. To address itself to these constraints, the main strategies and objectives of the Government, identified in the Second Plan are to:

- (a) Improve the manpower skills of the population, both at home and abroad;
- (b) Restructure the productive sector to assure a higher contribution to GDP;
- (c) Exploit the country's natural and mineral resources;
- (d) Devote efforts to achieve balanced and integrated rural development;
- (e) Develop the agricultural sector in both crop and animal production;
- (f) Rationalize expenditures, accord incentives for savings and direct savings for productive investments;
- (g) Develop the absorptive capacity of the country's economy, including improving the administrative capacity; strengthening the planning; follow-up, control, auditing and supervisory bodies; and improving the utilization of available new capacities as well as better coordinating the different economic sectors and activities;
- (h) Strengthen and modernize the local government systems, including judicial services;
- (i) Encourage the development and improve the implementation of productive programmes and investment projects in the private sector;

(j) Encourage efforts to achieve regional, Arab and Islamic integration;

(k) Devote more attention to possibilities for tourism, upgrading environmental conditions, control of pollution and preservation of cultural and historical resources; and

(l) Improve the health, cultural, social and economic conditions of people in rural areas.

11. These strategies are basically the same as those of the First Five-Year Plan including more opportunities and encouragement for the private sector - but with a shift of emphasis from infrastructural activities to productive activities, particularly in the agricultural sector.

12. In the early days of UNDP assistance to Yemen, activities were largely directed towards meeting the emergency situation which had developed during the civil war. Nevertheless, a limited amount of assistance was provided to some government institutions through the assignment of experts. Emphasis was then gradually placed on assistance in the form of pilot projects and feasibility studies, to increase production in the agricultural sector.

13. The first country programme (1974-1976) focused largely on expansion of the transport and communication infrastructure, agricultural development, education and manpower development and on the strengthening of the Government's institutional capacity. An important feature of the programme was its investment orientation. The second country programme (1977-1981), as well as its extension in 1982, concentrated much more on the development of human infrastructure and institution-building activities.

14. In recent years UNDP has increasingly assisted the Government in co-ordinating the technical co-operation activities of the United Nations system in Yemen. An example of this is the joint programming exercise recently undertaken by UNDP with the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO) in co-ordinating their inputs and activities in rural water supply through the joint drafting of project documents and plans of operations, taking into account other inputs, e.g., those of UNCDF and the primary health care programme supported by WHO, UNICEF, and UNCDF.

15. As a result of the resources likely to be made available, the third country programme will be at least twice as large in annual monetary terms as the second country programme. UNDP technical co-operation will be asked to fulfill a more distinct and significant role in the country than has hitherto been the case. This by itself, will constitute a great challenge to UNDP and to the United Nations specialized and executing agencies in the implementation of this programme. Of particular importance, in addition to the rate of implementation, will be the need to ensure that there is a high quality of both the inputs provided and of the outputs produced.

16. As a result of the country programming process, the role of UNDP and the projects identified for implementation by UNDP during the period

1983-1986 in Yemen, reflect the priorities and strategies set in the Second Five-Year Plan. As such, the UNDP country programme will therefore be responsive to the needs of the country.

17. One of the basic characteristics of UNDP-assisted projects in Yemen in the last few years has been their emphasis on the development of human infrastructure and institution-building activities. This emphasis will continue in the Second Plan. However, UNDP programme activities will be reoriented towards a new common theme of strengthening planning and implementation capacities at both the central and sectoral levels of the Government.

18. UNDP support will also be reoriented to cater for the requirements of the productive sectors, in particular the agricultural sector, which constitutes the main thrust of the Second Plan as well as to increase its investment orientation activities. For this purpose the Government has earmarked funds for feasibility and pro-feasibility studies to enhance the catalytic role that UNDP can play for future investment activities in the country.

19. Notwithstanding paragraph 18 above, it must be pointed out that UNDP co-operation in Yemen will continue to be spread across several sectors and to be involved in multidisciplinary areas of assistance. In this regard, UNDP experience in those areas will continue to play a major part in helping the country to form a solid basis for further economic and social development.

20. The multilateral character of UNDP makes it particularly suited vis-à-vis other donors, to be involved in certain sectors, e.g. civil service reform and institution building at the Central Organization for Control and Audit and at the Ministry of Justice.

21. UNDP will continue to help the Government to facilitate complementarity and linkages with activities assisted by other multilateral as well as bilateral organizations, especially in carrying out institution-building and other activities.

22. UNDP will be asked to continue to play a catalytic role for technical co-operation activities in Yemen. In view of the fact that some UNDP-assisted activities have been, by and large, a success in recent years, these activities have proven to be attractive propositions for future funding by other donors. Therefore, UNDP will discontinue its involvement in some sectors, for example, seed production and health manpower training.

23. As part of its effort to enhance the catalytic role of UNDP and achieve linkages and co-ordination among technical co-operation activities, the Government of Yemen will conduct an annual review of the country programme and will use the opportunity to review, with the assistance of UNDP, effective co-ordination between the country programme and other assistance programmes.

24. Although the Government will continue to require the provision of technical co-operation activities in the form of experts, in view of their increasing cost and the eventual need for project activities to be gradually

taken over by the Government itself, other modalities, where appropriate, (e.g. greater use of consultancies) will be considered on a case by case basis. Nevertheless, in view of the desire to be as cost effective as possible, the Government of Yemen wishes to ensure that wherever possible, greater use be made of United Nations volunteers.

25. Finally, with regard to the future of UNDP assistance in Yemen, the Government feels that, in line with paragraph 24 above and due to the need to promote increasing self-reliance, the nature and modality of such assistance will inevitably have to change over the course of the country programme and beyond. Therefore, the specific nature and type of inputs etc., provided by UNDP and needed by the Government to fulfill the programme's activities effectively will be reviewed and revised as appropriate, as part of the continuous programming process.

26. The Government is mindful of the other assistance available from the United Nations system, particularly from special funds administered by UNDP, e.g. UNCDF, and from other sources, e.g. the United Nations Fund for Population Activities (UNFPA), UNICEF and WHO. Consequently, a large amount of UNDP assistance will not be needed to provide capital assistance, viz. equipment and hardware, nor will it be substantially needed in the health and population sectors. However, in the case of the former, the Government believes that there should be a close link between capital and technical co-operation activities. Therefore, the Government has incorporated into the UNDP programme for 1983-1986 an earmarking for technical assistance for UNCDF activities to enable closer linkage between the UNDP and UNCDF programmes and to enhance their natural complementarity.

27. An important link should exist with the UNDP intercountry programme. The Government feels, however, that the value of any such programme depends upon the extent to which the projects under the programme caters for the specific needs of the country. It would therefore welcome the possibility of future projects under the UNDP intercountry programme being based in Yemen. Wherever it is able, the Government intends to take full advantage of co-operation available through regional projects to help achieve its national development objectives.

28. In determining the UNDP role and programme for 1983-1986, the Government has taken into account the various mandates that have been approved by the United Nations system, for example, the International Drinking Water Supply and Sanitation Decade, the participation of women in development, the needs of the poorest segments of the country's population and self-sufficiency in food production. In this regard, the major earmarking of the country programme is for development of the agricultural sector (as mentioned in paragraph 29 below), which in Yemen substantially involves the participation of women in development. The use of technical co-operation among developing countries (TCDC), especially among the Arab countries, so as to enhance Arab economic co-operation and integration, is a specific objective of the Government's plan for 1982-1986. However, such activities, as may be relevant for this purpose will be evaluated and implemented on a case by case basis, wherever it is felt that such activities will actively help to improve the country's socio-economic development. As part of the continuous programming process, the Government

will continue to be mindful of global mandates and address them wherever possible.

29. Allocations for the three sectors of agriculture, forestry and fisheries; general development issues, policy and planning; and transport and communications represent about 64 per cent of the total earmarkings. As can also be seen from the financial summary, the largest portion of UNDP support (about 23 per cent), in financial terms, is in the agricultural sector, which is in consonance with the main priority area identified by the Second Five-Year Plan.

30. The country programme for 1983-1986 presented below by sectors is the programme chosen by the Government to be funded from the anticipated UNDP resources and is consistent with the role of UNDP for 1982-1986 (outlined in paragraphs 15-22 above); with the objectives, strategies and needs of each sector as stated in the Second Five-Year Plan; and with the availability of other technical co-operation resources and private sector resources to the country.

31. Furthermore, it must be noted that the majority of UNDP projects identified by the Government for assistance during the third cycle are specifically mentioned in the Second Plan document.

32. Finally, while the country programme presented below is categorized using the sectoral classification of the Administrative Committee on Co-ordination (ACC), it must be emphasized that the programme includes multidisciplinary projects, for example, investment promotion, management training, assistance to the confederation of Yemeni Development Associations (CYDA) and assistance to the Ministry of Labour, Youth and Social Affairs.

A. General development issues, policy and planning

33. The Government services sector as a whole achieved an average annual growth rate during the First Plan of 10.4 per cent. However, due mainly to the lack of an inherited administrative structure, combined with a lack of skilled manpower and low salaries in the Government and public sector, the administrative, organizational and institutional structure in the country remains very weak.

34. Therefore, in order to realize the general objectives of the Second Plan, it will be necessary for the Government to establish adequate organizational, institutional and planning frameworks and to formulate and implement development projects consistent with the priorities set down in the Plan, both at the central and the sectoral ministries level.

35. The total planned investment for Government administration in the Second Plan amounts to about 849 million Yemen rials (YR1S) or 86.5 million, which is equivalent to 3 per cent of the total planned investment for the plan.

1. UNDP assistance

36. As mentioned in the overall strategy identified for UNDP technical

co-operation activities in Yemen (see paragraph 17 above), the main emphasis will be on supporting institution-building activities under the main theme of strengthening planning and plan implementation capacities at both the central and sectoral level . Such emphasis is consonant with the main objectives and strategies of the Government as outlined in paragraph 10 above, as with activities in this and other sectors.

37. In terms of general government administration, in addition to continuation of ongoing assistance to the National Institute of Public Administration and the Ministry of Economy, new UNDP assistance is being sought in strengthening the Ministry of Justice and the high Judicial Institute, the Central Organization for Control and Auditing, and the Ministry of Civil Service and Administrative Reform as well as local government services. In addition, assistance is also being sought in modernizing the patents administration process in the Ministry of Economy.

38. At the central level, continued UNDP assistance is being sought in the development of statistical services as well as for the Second Plan. The activities of both are under the jurisdiction of the Central Planning Organization (CPO).

39. New UNDP assistance is able to be provided for some activities which will help both to develop manpower capability and to improve linkages among various activities in the country in terms of developing the productive capacity across various sectors, through the financing of management training, feasibility and pre-feasibility studies; the development of an investment promotion centre; and a block allocation for technical assistance to UNCDF activities.

40. Finally, in order to backstop its assistance in the country and effectively implement its much expanded programme, it will be necessary to earmark some funds for administrative and programme support activities, including administrative support for the United Nations Volunteers (UNV) at the UNDP office on Sana'a.

41. The total allocation for assistance to this sector for 1983-1986 amounts to about \$14.0 million.

2. Other assistance

42. Some activities are being supplemented by other donors in the form, for example of development training fellowships and volunteer lecturers at the National Institute of Public Administration.

43. Other donors providing assistance in this sector in which UNDP is not involved include the International Monetary Fund (IMF), which is providing advisors to the Customs Department, to the Central Bank (on banking matters) and the Ministry of Finance (on fiscal matters).

B. Natural resources

44. The country suffers from inadequate management of its natural resources, including a low level of mining prospecting, despite the

significant annual growth rate achieved during the First Plan, 1977-1981, viz. 18.2 per cent in mineral mining and 20.4 per cent in electricity and water.

45. At present, there are no known economically exploitable mineral resources. The energy resources of Yemen are limited and it relies exclusively on imported oil and oil products. The available electrical power is considered to be insufficient for industrial expansion and water resources are relatively scarce.

46. Nevertheless, the country is known to have a substantial potential mineral wealth and be rich in geothermal resources. These potentials require further study, identification and exploitation to develop the availability of resources and to satisfy the needs of the people, as well as provide the basis for future development.

47. Therefore, during the Second Plan the exploration and prospection of minerals, oils and other energy resources will receive considerable attention. The areas for assistance in this sector that have been identified in the Plan, are: minerals and energy, oil, salt, extraction and building materials. Total planned, investment for these activities for 1982-1986 amounts to YR1S 905 million or \$198.9 million (out of which 25.2 per cent is expected to be invested by the private sector), or about 3.3 per cent of total planned investment.

1. UNDP assistance

48. The Government is requesting new UNDP assistance in the two most important areas mentioned in paragraph 47 above, namely, minerals and energy, and building materials, in the form of studies on the possibilities of using geothermal energy, the geological, hydrogeological and geophysical mapping of the two Yemens (which is a UNDP-assisted regional project), and the conducting of a geological survey of building materials.

49. Furthermore, UNDP will provide new assistance in the form of advisory and consultancy services in various fields of water and energy management.

50. The total allocation for these activities for 1983-1986, amounts of about \$4.3 million.

2. Other assistance

51. Assistance currently being provided by several other donors includes: technical assistance to the Yemen Oil and Mineral Corporation, the training of Yemeni nationals for the Yemen General Electric Corporation and the construction of steam power plants and related facilities.

52. The World Bank is in the process of appraising a proposed credit to Yemen to assist the Government in intensifying petroleum and geothermal exploration activities in the country. In this regard there will be an element of complementarity between the UNDP and World Bank inputs.

C. AGRICULTURE, FORESTRY AND FISHERIES

53. Agriculture will continue to be the cornerstone of the national

economy. In 1981, this sector contributed about 28 per cent of the country's GDP, employed about 70 per cent of its total manpower, and accounted for more than 90 per cent of its total exports. However, during the First Five-Year Plan period (1977-1981), the agricultural sector witnessed a relatively slow growth and achieved an annual growth rate not exceeding 1 per cent despite a planned growth rate of 5.5 per cent.

54. This relatively slow growth was mainly due to: a lack of irrigation; an emigration of farm labour to the urban centres or to the neighbouring countries; numerous bottlenecks in the marketing, storage and distribution of agricultural products; insufficient financial support to the sector to enable it to achieve the planned targets; an excessive acreage traditionally being used for the cultivation of qat; and, a failure to implement some of the planned targets, with only about 38 per cent of the planned investment projects being implemented.

55. The general strategy of the Second Plan is to devote special attention to developing this sector in order to create and support a sound productive base for the economy and to thereby reduce dependence on imports as far as possible.

56. More specifically, the Plan has identified ten major areas of assistance, covering a wide variety of activities in the agricultural sector: plant production and production, forestry, agricultural research, extension services, livestock production, irrigation and water, institution building, rural development, development of fisheries and the Tihama Development Authority.

57. As a result, the planned investment for the period 1982-1986 amounts to YR1S3,825 million or \$840.7 million (out of which about 35.4 per cent is expected to come from the private sector), which is equivalent to about 13.6 per cent of total planned investment. The target annual growth rate for this sector (4.2 per cent), will be the most important determinant in helping attain the target annual growth rate of 7 per cent for the country as a whole.

1. UNDP Assistance

58. The Government of Yemen is requesting that a substantial amount of UNDP assistance be concentrated in this sector.

59. In terms of the ten areas of assistance identified by the Plan and outlined in paragraph 56 above, UNDP will be providing assistance in every one, except for forestry, fisheries and rural development (see paragraph 60 below). The main reason for the absence of UNDP involvement in these three areas is the availability of assistance for them from other donors, as outlined in paragraph 62 below.

60. More specifically, in addition to ongoing assistance for seed production, desert locust control, agricultural research and institutional support to the Ministry of Agriculture and agricultural extension in the Tihama region, UNDP will be providing new assistance in the following areas

during the period 1983-1986: coffee production, prevention of food loss, fertilizer production, agricultural research (in the form of supplementary assistance only, following completion of the ongoing phase of the project in mid-1983), a land classification and capability survey, agricultural extension services in one of the regions, animal fodder improvements, modern irrigation methods and, institution building at the Ministry of Agriculture.

61. The total assistance earmarked for these activities for 1983-1986 amounts to about \$14.9 million.

2. Other Assistance

62. Numerous donors are providing assistance to this sector for various activities, viz. animal and livestock production, veterinary services, development and protection of forestry, fisheries, integrated rural development schemes and the provision of a variety of capital equipment. In addition, as mentioned in paragraph 57 above, considerable private sector assistance is also available.

63. Mention ought to be made here of the catalytic role of UNDP outlined in paragraph 22 above. It is particularly in the agricultural sector that the UNDP has played and will continue to play this role, thereby increasing the resources available to the Government. In this regard, the European Economic Community (EEC) has agreed to take over activities under the seed production project in early 1983 while the International Bank for Reconstruction and Development (IBRD), the International Fund for Agricultural Development (IFAD) and the Italian Government will take over the activities under the agricultural research project. These have been two of the most successful of the UNDP projects to be carried over from the second country programming cycle (1977-1982), especially in terms of the essential link created between research, extension and production.

D. Industry

64. The share and productivity of the commodity-producing modern sectors of the economy have been very limited. The share of employment of those sectors as a percentage of total employment is estimated to be about 5 per cent.

65. The average annual growth rate during the First Plan period (1977-1981), was 11.7 per cent, even though the share of manufacturing in 1981 was only 5.9 per cent of the GDP.

66. The construction industry also experienced a rapid rate of growth per annum, (10.6 per cent) during the First Plan period, mainly due to the increased demand for residential construction.

67. However, in contrast to the relatively booming activities in the manufacturing and construction industries, the tourism industry is still very much in its infancy.

68. The development of the industrial sector as a whole has been constrained by a number of elements, the most important of which are: a lack of skilled manpower and shortage of labour, a lack of planning and

management capacity, limited natural and agricultural resources and, a lack of basic information on raw materials, production and marketing.

69. In order to create a sound productive base for promoting economic and social development and to build an integrated modern national economy with strong linkages between its various sectors, major emphasis is being placed in the Second Plan on the development and promotion of industrial activities, including fulfillment of the enormous tourism potential that exists in Yemen.

70. The main areas of emphasis in the manufacturing industry identified in the Second Plan for assistance from the public and mixed sectors are: food, beverage and tobacco, cotton-ginning, spinning, weaving and ready-made clothes, chemical industry, production of building materials, metallurgical industries, studies and surveys and support to industrial/training centres and quality control laboratories. With the exception of support to industrial/training centres and quality control laboratories, the private sector is also expected to provide assistance to all the areas identified above, as well as to the wood and timber industries, printing and publishing, tanneries and leather products, and small-scale industries.

71. In Tourism, two areas have been identified for emphasis in the Second Plan namely, the Yemeni Tourism Corporation and General Organization for Tourism.

72. In the construction industry, emphasis is being placed not on the construction of new buildings or other construction works, but rather on the development of equipment and machinery to be used in construction work.

73. The planned investment for the manufacturing industry, tourism and the construction industry for the Second Plan period amounts to YR1S. 140 million, or \$910 million (out of which about 36.4 per cent is expected to come from the private and mixed sectors), which is equivalent to about 14.7 per cent of total planned investment.

1. UNDP assistance

74. Due mainly to the availability of other assistance to the country, either from the private sector, as mentioned in paragraph 73 above, or from other donors, as mentioned in paragraph 77 below, the Government is requesting new UNDP assistance only in developing the tourism potential in the country - mainly in the form of activities related to planning, statistics, mass information, promotion and training - and in continuing to provide advisory services to the Industrial Department of the Ministry of Economy and in helping develop an industrial property administration within this Ministry.

75. The total assistance earmarked for these activities for 1983-1986, amounts to about \$2.3 million.

76. It should be noted however, that UNDP assistance to develop an investment promotion centre, conduct pre-feasibility and feasibility studies and undertake institution-building activities at the Ministry of Economy -

which are classified in this document under the sector of general development issues, policy and planning - will mainly involve activities in developing and promoting industrial and industrial-linked activities in Yemen. Therefore, UNDP assistance pertaining to this sector for 1983-1986 will, in effect be larger than that portrayed in paragraph 75 above.

2. Other assistance

77. In addition to the assistance being provided by the private sector, other donors are providing substantial assistance to a wide variety of activities in this sector, for example: loans for various types of plants/factories, assistance to the technical training schools, institution building at the Industrial Bank of Yemen, assistance to small-scale industries, supplying garden equipment and providing training in hotel and tourism management.

E. Transport and communications

78. This sector covers all transport and communication components, i.e. land, sea and air transport, and postal, telephone and telex services.

79. During the First Plan, great importance was attached to this sector and the actual average investment during 1977-1981 amounted to about 26.4 per cent of total investment. Substantial progress was achieved in building some of the basic infrastructure needed to help promote social and economic development in the country. The average annual rate of growth in this sector between 1977-1981 was of the order of 7.7 per cent.

80. More specifically, the major cities were linked by asphalted roads and the number of feeder roads increased eight-fold. Telephone switch-boards increased their capacity four-fold. Shipping and discharging capacities at the ports and harbours increased by about 61 per cent. Basic safety and rescue equipment as well as communication and navigational aids in the various subsectors were provided. Several cities were connected by air and the amount of air traffic handled between 1971 and 1980 increased eleven-fold. A good initial basis for the administration and operations of telecommunications and civil aviation was established. Finally, the amount of mail handled increased about six-fold.

81. Nevertheless, despite the progress achieved, a substantial amount still remains to be done to further develop and expand the capacity and activities of each of the subsectors mentioned in paragraph 78 above. Therefore, the strategies of the Second Plan for this sector are to:

(a) Maximize the utilization of the available capacities of transport and communications and improve their performance;

(b) Complete the ongoing road construction projects and construct new roads;

(c) Extend the present communications network; and

(d) Improve all airports and harbours.

82. As a result, the main emphases identified in the Second Plan for the period 1982-1986 are: roads and highways, telecommunication and postal services, civil aviation, meteorology and air transport, ports and maritime transport, and road transport.

83. Although the Second Plan envisages a shift of emphasis from infrastructure activities to productive activities, this is mainly due to the completion of the major road network. The sector continues to be of great importance because of the country's need to further modernize its infrastructure and develop infrastructural institutional capacities.

84. The planned investment for the sector during the Second Plan period amounts to YRIS 4,640 million or \$1,020 million (out of which 14.9 per cent is expected to come from the private sector), which is equivalent to 16.5 per cent of total planned investment.

1. UNDP assistance

85. In terms of the five areas of assistance outlined in paragraph 82 above, UNDP will be providing assistance only in telecommunications and postal services and in civil aviation, meteorology and air transport, because of the available assistance from other sources, as outlined in paragraphs 89 and 90 below.

86. In addition to ongoing assistance for the management and operation of Sana'a Airport, and for telecommunications fellowships, new assistance in the two aforementioned areas will be provided for the following activities during the period 1983-1986: Telecommunications Training Institute, institution building at the Civil Aviation and Meteorology Authority, institution building at the Ministry of Communication and Telecommunications Corporation, development and improvement of postal services, and maintenance and operation of airport facilities and manpower training.

87. It must be noted that UNDP assistance in meteorology is deal with in the science and technology sector as per the ACC classification. The total assistance earmarked for the transport and communication sector amounts to about \$1.9 million.

88. The total assistance earmarked for these activities (excluding meteorology) for 1983-1986 amounts to about \$12.4 million.

2. Other assistance

89. The majority of capital assistance requirements are being met by bilateral donors. These donors are providing assistance for a wide variety of activities covering capital investment at the airports, port construction and development, building of telecommunications networks, motor car and tractor repairs, and road construction and maintenance.

90. Furthermore, it must be noted that most of the private sector assistance envisaged during the Second Plan period mainly covers all the requirements needed for modes of transport.

F. International trade and development finance

91. Foreign trade occupies an important position in the national economy. The share of the trade sector increased from 23.5 per cent of GDP in the mid-1970s to about 29 per cent in 1981. Imports of goods and services increased at a rate of 18.4 per cent but exports of goods and services increased only at a rate of 12.5 per cent. The value of exports in 1981 is estimated to be only about 0.2 per cent of the value of imports.

92. The still weak productive and export base leads to a reliance on importation which places a burden on the balance of payments, thereby eroding the country's financial resources and seriously hindering its development. The deficit on the balance of payments current account during the First Plan was about YR1S 2,331 million, or \$517 million, and was financed by the available foreign assets of Yemen, including the transfers of remittances from Yemeni workers abroad.

93. The country is therefore extremely dependent on external resources and it seems that this will continue over the period 1982-1986. In fact, it is estimated that, in order to finance Government investments, external sources of financing, including transfers from abroad, are expected to contribute about 72.8 per cent of total planned investments during the Second Plan period.

94. The Second Plan aims to address itself to these various problems by: providing incentives for savings, improving the tax system, rationalizing consumption, encouraging exports through the development of productive activities with export potential and limiting imports through the development and production of import substitutes.

95. The Plan aims to reduce the deficit of trade by an average of 1.6 per cent annually over the period 1982-1986. The average annual growth rate of the trade sector is expected to be about 6 per cent.

96. Nevertheless, since this situation is likely to continue into the Second Plan period, the development of appropriate policies to combat this situation will be crucial to helping promote self-reliance in the economy.

1. UNDP assistance

97. The Government of Yemen is requesting UNDP assistance over the period 1983-1986 in the trade sector to provide advisers and consultants to look into various aspects of trade and among other things provide needed institutional and economic analyses.

98. UNDP assistance will not be extended to banking and finance because the foreign assistance requirements of these subsectors are being catered for by other donors, as outlined in paragraph 100 below.

99. The total assistance earmarked for these activities for 1983-1986 amounts to about \$0.5 million.

2. Other assistance

100. As mentioned in paragraph 43 above, assistance is being provided in banking and fiscal matters by IMF and other institutions.

G. Human settlements and community development

101. This sector involves a wide variety of activities in the areas of settlements planning, housing and infrastructure. A number of Government ministries and bodies are responsible for or undertake activities in these areas, including the Ministry of Municipality and Housing, the Confederation of Yemeni Development Associations and the Ministry of Public Works.

102. During the First Plan the sectors of basic infrastructure and basic and public services surpassed all others in terms of fixed capital investments, the largest portion of about 28.4 per cent of total fixed investments being accounted for by the housing-ownership sub-sector.

103. Despite the substantial progress achieved in infrastructural activities during the period 1977-1981, and the shift of emphasis in the Second Plan from these activities to productive activities, a number of major problems, outlined in paragraph 104 below, still need to be dealt with.

104. The major problems are a lack of manpower, a high cost of unskilled labour, limited institutional and administrative capacity, a lack of safety codes and standards in housing, limited implementation of city master plans, a minimal maintenance of roads, a lack of a sewerage system, poor sanitation facilities and insufficient urban and physical planning.

105. The main strategy and areas of emphasis identified in the Plan for 1982-1986, under the jurisdiction of the Ministry of Municipalities and Housing, are to: Prepare and implement master plans for the main cities; Develop and maintain parks, gardens and public conveniences; Expand and strengthen the sanitation and street cleaning system; Apply legislation for building and urban planning; Establish a system of real estates registration; Develop the capacity of the Ministry of Municipalities and Housing; Expand the housing programme; and Develop, in consultation with the Ministry of Agriculture and the Waqfs, markets and slaughterhouses.

106. The Government of Yemen is also concerned to expand the activities of and strengthen the Confederation of Yemeni Development Associations which is charged with the co-ordination and supervision of local development associations' (LDAs) activities, and to support LDAs (a movement based on local initiative representing a bottom-up self-reliant decentralized mechanism for meeting basic rural infrastructure needs).

107. At present, the total planned investment for 1982-1986 for these activities amounts to YR1S 3,745 million, or about \$823 million (out of which about 93 per cent is expected to come from the private sector), which is equivalent to about 13.3 per cent of total planned investment.

1. UNDP assistance

108. The Government is requesting UNDP to assist the Ministry of

Municipalities and the Confederation of Yemeni Development Associations in new activities in the areas of planning, water, feeder roads, maintenance of equipment, handicrafts and co-operatives and to continue to provide United Nations volunteers to the Survey Department of the Ministry of Public Works.

109. Other areas of assistance needed in this sector are being provided for by either the private sector or by other donors, as outlined in paragraphs 111 and 112 below.

110. The total assistance earmarked for 1983-1986 for these activities amounts to about \$5.8 million.

2. Other assistance

111. Other multilateral and some bilateral assistance is being provided for activities not catered for by UNDP, for example, housing studies, urban and town planning, capital investment and low-cost housing.

112. In addition, the private sector is expected to contribute about 93 per cent of planned investment to meet the housing and real estate needs of the country.

G. Health

113. Despite the fact that the health activities and health conditions of the country recorded a tangible improvement during the First Plan, health conditions in Yemen are still very poor and the Government's health programme is still in its early stages of development and implementation.

114. This poor health condition of the health sector is reflected in a high mortality rate (estimated at 25 per 1000 inhabitants), low life expectancy (estimated 39 years, and high infant mortality (of about 24 per cent). It is estimated that in 1980 there was on average one doctor for every 11,191 persons, (although this varied from province to province), 28 hospitals with a total of 3,322 beds, 12 clinics, 27 health centres, 24 branch health centres and 88 health units.

115. The main reasons for the low standards of public health in the country are inadequate nutrition, poor hygiene, poor and overcrowded housing, poor sanitation, and refuse facilities, an inequitable distribution of health services, an inadequate and polluted water supply, a shortage of health personnel, a poor drug purchase, storage and distribution system, a shortage of adequate and appropriate health care facilities, and institutional and administrative problems.

116. As a result, the main areas of assistance identified for the Second Plan period are: (a) the improvement of health services and conditions through basic health services, (b) preventive medicine, (c) health education, (d) health training, (e) institutional support to the Ministry of Health, (f) improvement of hospitals, (g) improvement of health laboratories, (h) balanced nutrition programmes, (i) rehabilitation centres, and (j) water and sewerage schemes.

117. In order to satisfy the basic needs of the people and provide the basis for future development in the country, the Plan places great emphasis on this sector.

118. The planned investment for the period 1982-1986 for this sector amounts to YR1S 754 million or about \$166 million, which is equivalent to about 2.7 per cent of total planned investment.

1. UNDP assistance

119. Out of the ten areas outlined in paragraph 116 above, continued UNDP assistance is being sought in improving the hospitals through the provision of hospital administration and nursing services and in health training through health manpower development (under a project which is to be completed by early 1983). New assistance is being sought only in water sewerage schemes through the strengthening of the Rural Water Supply Department at the Ministry of Public Works. For this, joint plans of actions and co-ordination between technical and capital assistance will be established following the joint programming exercise mentioned in paragraph 14 above.

120. Mindful of the specific mandates of some United Nations organizations (e.g. WHO, UNICEF, AND UNFPA) to provide assistance in this sector and because of the substantial amount of foreign assistance available, as outlined in paragraph 123 below, the Government does not require UNDP assistance in areas of emphasis other than those outlined in paragraph 119 above.

121. It should be noted that in early 1983, at the end of UNDP assistance to the health manpower development project mentioned in paragraph 119 above, the World Bank will take over the activities on a larger scale.

122. The total assistance earmarked for these activities for 1983-1986 amounts to about \$5.0 million.

2. Other assistance

123. Several bilateral and other multilateral donors are providing assistance for a wide variety of activities in the health sector covering all the areas of emphasis outlined in paragraph 116 above; for example: immunization programmes, primary health care, nutrition education, training of Yemeni nurses, public health administration, maintenance of hospital equipment, public health laboratory services, rehabilitation centres, water supply systems management and small rural water supply systems.

124. In fact, it is estimated that in recent years about 23 foreign donors and non-governmental organizations were providing assistance for health services, especially in preventive medicine.

H. Education

125. Over-all growth in the education sector during the First Plan was remarkable and the growth of enrollment is estimated to be on average about

14 per cent per annum.

126. The major problems in this sector are low enrollment ratios, high drop out rates, the substantial manpower needs of the Second Five-Year Plan, the prevailing shortage of manpower and a young, predominantly male and illiterate labour force. There remains a major problem of excessive dependance on foreign skills and specializations for the implementation of development projects and this has resulted in an under-utilization of capacities.

127. The major problems and constraints in this sector are the shortage of qualified teachers, teacher trainers and administrators, and the lack of adequate manpower and educational planning.

128. In the Second Plan priority is being given to the expansion of vocational training. In this regard, emphasis is being given to the expansion of training facilities as the most important source of labour supply for the required occupations and as a vital factor in being able to raise productivity.

129. This expansion is to be realized through projects for general education at the primary, preparatory and secondary levels, training institutes and centres, technical education, adult illiteracy and activities for the Sana'a University printing press.

130. The planned investment for 1982-1986 for this sector amounts to YR1S 2,282 million or about \$501 million, which is equivalent to 8 per cent of total planned investment.

1. UNDP assistance

131. In view of both the fact that UNDP has been involved in providing assistance to this sector for a considerable period of time and of the availability of other assistance to this sector, as outlined in paragraph 134 below, the Government requires UNDP assistance only for the continued provision of educational training abroad and for new institution-building activities at the Ministry of Education.

132. However, as with both the agricultural and health sectors, the catalytic role of UNDP with particular reference to the World Bank assistance mentioned in paragraph 135 below, to which UNDP assistance will be clearly linked, prevails in this sector.

133. The total allocation earmarked for 1983-1986 for the education sector amounts to about \$0.9 million.

2. Other assistance

134. Substantial assistance from bilateral donors is being provided to this sector in all the areas required and outlined in paragraph 129 above, but particularly in the provision of expatriate teachers, school buildings and equipment, fellowships abroad and vocational, formal and non-formal education centres.

135. In the case of multilateral donors, the World Bank is expected to assist in developing a planning, research and development unit to provide guidance, advice and specific operational proposals to the Ministry of Education, to build boarding facilities at the vocational training centres and to construct and equip a faculty at the University of Sana'a.

I. Employment

136. The economy of Yemen has been characterized by a concentration of manpower in the agricultural sector, with a high level of under-employment in rural areas.

137. During the First Plan period, 1977-1981, the number of workers increased by 101,900, 85 per cent of whom were accounted for by the construction, services and manufacturing sectors. However, the growth of the labour force between 1975-1976 and 1980-1981 (to 1,099,700 workers) was of the order of 9.3 per cent. Therefore, there was a shift of manpower, between 1975-1976 and 1980-1981, out of agriculture (from 75 per cent of total employment in 1975-1976 to 69.1 per cent in 1980-1981). This trend is envisaged to continue during the Second Plan.

138. In the context of meeting the manpower targets mentioned in paragraph 131 above, the Government intends to pursue the following strategies, in addition to those outlined in paragraph 128 and 129 above:

- (a) Conduct comprehensive studies on institutional frameworks;
- (b) Ensure the proper enforcement of current laws and regulations;
- (c) Stimulate the role of employment exchanges;
- (d) Prepare surveys of manpower management;
- (e) Follow up on the implementation and application of labour laws;
- (f) Attend to social security, pension and industrial security, paying special attention to raising the capacity and efficiency of those entrusted with the enforcement of the relevant laws and regulations;
- (g) Conduct surveys of graduates;
- (h) Set up up an authority for vocational training;
- (i) Prepare medium and long-term manpower plans;
- (j) Encourage Yemeni women to participate in the country's labour force; and
- (k) Establish and intensify links between organizations concerned with labour and Yemeni expatriates abroad.

139. These activities come under the jurisdiction of the Ministry of Labour and Social Affairs. The Government, in view of the importance of employment, considers the activities to be conducted by this Ministry to be important and has identified several areas for assistance, ranging from centres for the blind, vocational training centres and kindergartens to the Institute of Social Service.

140. In addition to the planned investment for the education sector, the total planned investment for 1982-1986 for this sector amounts to YR1S 78.8 million or about \$17.3 million.

1. UNDP assistance

141. The Government is requesting new UNDP assistance for the Ministry of Labour and Social Affairs in its activities concerning labour legislation and administration, the promotion of women's participation in development and the planning and management aspects of vocational training centres.

142. The total allocation earmarked for these activities for 1983-1986 amounts to about \$2.5 million.

2. Other assistance

143. A variety of activities in this sector are being funded by other donors, including vocational training and various institutions for social care.

J. Science and technology

144. The Government at present considers that the most important area in this sector is meteorology, because meteorological services are considered to be necessities for the successful development of the country's economy, providing fundamental information for agriculture, water and resources management, transportation, industry, tourism, environmental control and renewable energy, and for planning and operation services.

145. At present, although an over-all framework for operational meteorological services can be considered to exist, the quality of such services remains incomplete.

146. The major problems and constraints are: a lack of qualified staff, a lack of qualified trainee candidates, limited local training facilities and opportunities, a lack of qualified supervision and budgetary limitations.

147. The planned investment for 1982-1986 for support to the Civil Aviation and Meteorological Authority amounts to YR1S 118 million, or about \$26.0 million.

1. UNDP assistance

148. The Government is requesting that UNDP continue its assistance from the second country programming cycle (1977-1981) to complete the necessary requirements mentioned in paragraph 145 above as a last phase of its assistance to this sector.

149. The total allocation earmarked for this sector for 1983-1986 amounts to about \$1.9 million.

2. Other assistance

150. Other assistance has been provided by some donors for operational support with the provision of equipment, training and fellowships.

Annex

FINANCIAL SUMMARY

A. <u>Resources</u>	\$
<u>IPF and other resources</u>	
(i) Illustrative IPF for 1982-1986	30 000 000
(ii) Less unprogrammed balance <u>a/</u>	(6 000 000)
(iii) Less authorized budget level for 1982	(4 735 000)
(iv) Previous IPF cycle balance	(1 500 000)
(v) Other resources: Third-party cost sharing <u>b/</u> Special Measures Fund for the Least Developed Countries	49 200 000 200 000
Total resources available for programming:	67 165 000

B. <u>Use of resources</u>	
<u>(a) Programmed</u>	
(i) Ongoing projects	6 107 600
(ii) New projects and new phases of ongoing projects included in the country programme	15 326 400
(iii) Earmarked for specific objectives and activities for which projects are to be worked out at a later stage	43 143 900
Subtotal:	64 577 900
<u>(b) Reserve</u>	2 587 100
Total programmed plus reserve:	67 165 000

C. <u>Financial distribution of programme, by sector</u>				
<u>Sector c/</u>	<u>Ongoing Projects</u>	<u>New Projects</u>	<u>Sectoral Earmarkings</u>	<u>Total</u>
	\$	\$	\$	\$
02 General development issues, policy and planning	2 952 800	550 000	10 550 000	14 052 800
03 Natural resources	-	-	4 300 000	4 300 000
04 Agriculture, forestry and fisheries	630 500	2 347 000	11 900 000	14 877 500
05 Industry	800 800	-	1 500 000	2 300 800
06 Transport and communications	824 000	6 829 700	4 766 900	12 420 600
07 International trade and development finance	-	-	527 000	527 000
08 Human settlements and community development	51 700	141 700	5 600 000	5 793 400
10 Health	674 400	2 820 000	1 500 000	4 994 400
11 Education	173 400	700 000	-	873 400
12 Employment	-	-	2 500 000	2 500 000
16 Science and technology	-	1 938 000	-	1 938 000
TOTAL	6 107 600	15 326 400	43 143 900	64 577 900

a/ Representing 20 per cent of the illustrative IPF which has not been taken into account for programming.

b/ Including cost-sharing resources which are being finalized.

c/ According to ACC classification. _ _ _ _ _