

54. Replacement and Renovation Projects

The cost of the replacement of equipment or spare parts is estimated at 5 million Rials for the Mixed Sector during the period of the Plan.

IV. ELECTRICITY AND WATER

I. Electricity

A. Public Sector

1. Power Project: Phase II

The aim is to increase the capacity of generated electric power and to ensure its distribution to the consumers in various districts. The project consists of constructing a power plant with a capacity of 150 megawatts, an extensive network of high-tension lines and sub-stations. The total cost of this project is estimated at 1,033 million Rials. About 754.1 million Rials worth of work has been executed during the years preceeding the present Plan and the remaining will be implemented during the present Plan period. The project is expected to be in operation by 1982.

2. Dhamar - Ta'iz Transmission Line

The project consists of laying power lines of high-tension cables with main sub-stations from Dhamar to Ta'iz. This project is currently being implemented and an expenditure of 82 million Rials has so far been made, while 54.8 million Rials will be spent during this Plan to complete the project. Sources of financing are already available for this project.

3. High-Tension Power Lines - 33 KV: Sana'a-Hodeida-Ta'iz

The aim of this project is to complete laying high-tension power lines for the cities of Sana'a, Hodeida and Ta'iz. . This is a new project and the cost is estimated at about 45 million Rials. Financing for this project is required.

4. Reinforcing City Networks - Phase I

The aim is to extend electricity to consumers in the cities by reinforcing the internal distribution networks. This project is currently under implementation and its investment cost is estimated at 74.8 million Rials.

5. Rural Electrification - Phase II

The aim is to extend electricity to the rural villages with the purpose of promoting agricultural and household welfare and progress. The investment cost of the project is estimated at 98.8 million Rials, out of which about 7.6 million Rials have already been spent before the Plan. The project is to be completed during the present Plan.

6. Power Project: Phase III

The aim of this project is to generate power and increase electricity distribution by constructing a power station at Mokha with a capacity of 160 megawatts, high-tension power lines and sub-stations. The total cost of this project is estimated at 1,575 million Rials, most of which will be implemented during the present Plan period.

7. Strengthening the Electricity Authority - Various Cities

The aim is to construct the buildings needed by the Authority to perform its duties. The total cost of the project is estimated at 70 million Rials.

II. Water

8. Sana'a Water Supply - Phase II

The aim of this project is to provide drinking water to the city of Sana'a. The project is currently under implementation and its total cost is estimated at 233.1 million Rials. About 126.2 million Rials has already been spent prior to the Plan and the remaining will be invested during the present Plan period.

9. Sana'a Sewerage - Phase I

The aim of this project is to build a system of sanitary sewerage in the city of Sana'a. The total cost is estimated at 359.8 million Rials of which 73 million Rials work has already been carried out. The rest will be implemented during the current Plan.

10. Water and Sewerage, Hodeida

The aim is to extend water and sewerage facilities to the city of Hodeida. The project is currently under implementation and an amount of 141.7 million Rials is expected to be used during the period of the present Plan. The financing of the project is available.

11. Water and Sewerage, Ta'iz

The aim is to supply the city of Ta'iz with pure drinking water and a sanitary sewerage system. The project is currently being implemented and the expected investment during the present Plan is about 250.8 million Rials. Financing is available for the whole project.

12. Water and Sewerage, Ibb and Dhamar

The aim of this project is to extend drinking water and sanitary sewerage systems to the cities of Dhamar and Ibb. The project is currently in implementation. Investment during the period of the current Plan is expected to be 353.4 million Rials. Financing is available in full.

B. Private Sector

The Private Sector is expected to invest 40 million Rials in the course of the Second Plan in the field of electricity and water.

V. TRADE AND CATERING SERVICES

A. Ministry of Supply Projects

1. Standardization and Quality Control Authority - Sana'a

The project aims at establishing a standardization and quality control authority to prepare and control procedures for the improvement of production, reducing costs and control over local and imported products. The total cost of this project is estimated at 30 million Rials.

2. Warehouses in the Harbours and Airports

This consists in constructing warehouses attached to the Ministry in ports and airports, to receive and inspect goods coming from abroad. The cost of this project is estimated at 12 million Rials.

3. Consumer Surveys - All Regions

The project consists of studies and surveys of markets in Yemen with the aim of ascertaining the pattern of consumption, assessing the present stocks of consumer goods and the anticipated stocks and survey of the market requirements for the future. The total cost of this project is estimated at 1.3 million Rials.

B. The Yemeni General Grain Corporation

4. Administration Building in Sana'a

The Grain Authority will construct a building to serve as its headquarters which will be two storeys high. The estimated cost of this project is 3 million Rials.

5. Expansion of Hodeida Grain Silos

The project includes four silos with a total capacity of 10,000 tons of grain which will be linked to the existing silos. The cost of this project will be 10 million Rials.

6. The Salif Grain Silos

The project aims at providing storage for 90,000 tons of grains which is enough for the country's needs for four months. The total cost of this project is estimated at 114 million Rials.

7. Automatic Bakery at Hodeida

The aim is to cover nutrition programmes for the schools, the hospitals and the citizens by providing clean, wholesome bread. The bakery's daily capacity will be four tons and the total cost is estimated at 8 million Rials.

C. The General Corporation for Foreign Trade

8. Completion of the Ta'iz Building

This project aims at completing the Corporation's main building in Ta'iz. This project is currently being implemented and investment during the Plan will be 3 million Rials.

9. Hodeida Office Building

This is similar to the previous project. It is a new project and the cost is estimated at 7 million Rials.

10. Equipment and Machines - All Regions

This is a new project which consists of purchasing a computer for accounting purposes. The cost of the project is estimated at 1.5 million Rials.

11. Purchase of Assets of the Yemeni Company

This project was one of the priority areas in the First Plan, but was not realized for various reasons. The cost of this project is estimated at 6 million Rials.

D. Economic Corporation for the Armed Forces

12. Construction of Warehouses at Sana'a, Ta'iz, Hodeida, Ibb, Dhamar and Hajjah

The purpose of this project is to provide warehouses for the Corporation to enable it to supply the needs of its branches. Cost is estimated at 2.5 million Rials.

13. Administration Building - Sana'a

This consists of building headquarters for the Organization. The cost of this project will be 2.5 million Rials.

14. Branch Buildings at Ta'iz, Hodeida, Ibb, Dhamar and Hajjah

This project aims at providing necessary offices for the branches; the total cost is estimated at 7.20 million Rials.

15. Overland Transport Fleet - All Regions

This aims to expanding and modernizing the present fleet owned by the Corporation to enable it to transport goods and equipment from one part of the country to another. It will consist of purchasing ten transport vehicles. The cost of this project is estimated at 5.8 million Rials.

16. Maintenance Workshop - Sana'a

This project aims at establishing, rather than renting, a maintenance workshop at the cost of 1 million Rials.

E. Yemeni Oil Corporation

17. Increasing Storage Capacity - Sana'a, Ta'iz, Turba, Mokha, Hodeida and Salif

The project aims at increasing the storage capacity of all petroleum products in order to face the anticipated increasing demand for all fuels. The total storage capacity during the Plan will reach 253,445 tons, and this will be built at Salif, Turba, Sana'a, Mokha, Ta'iz and Hodeida. The project will be implemented in two stages: The first will be executed by a Romanian company, to start early 1982, and the second stage, will be executed by other firms, to start early in 1983. The investment cost is estimated at 400 million Rials during the period of the Plan.

18. Oil Pipelines - Salif, Sana'a

This project comprises laying of pipelines to carry oil from Salif to Sana'a, passing through Rajil, Obeid and Mabar. Another network of pipelines is to link the port of Mokha to the city of Ta'iz. The cost of this project is estimated at 25.3 million Rials.

19. Purchase of Tanker-Trucks and Lorries - All Regions

The project aims at providing the necessary transport vehicles or tankers to carry the oil and petroleum products from one region to another. Plans are for the purchase of an initial 25 tanker-trucks, 25 ordinary trucks and one bus for passengers. The cost of this project is estimated at 19.9 million Rials.

20. Storage and Bottling of Gas - Various Areas

This project aims at importing butane gas in special containers and storing it in the port of Hodeida, with a storage capacity of 2,400 tons. It will then be transferred to stations in Sana'a and Hodeida with a capacity of 1,500 tons. The cost of this project is estimated at 20 million Rials.

21. Aircraft Refuelling Units - Sana'a, Hodeida and Ta'iz

The objective is to develop the means of aircraft refuelling in keeping with the increasing traffic of international airlines at Sana'a, Hodeida and Ta'iz airports. It consists of buying six such units and the cost is estimated at 5.3 million Rials.

22. Fire Extinguishers for Airports

The aim is to provide the airports with protection against fire by purchasing fire extinguishers. The cost of this project is estimated at 35.4 million Rials.

23. Liquid Gas Container Trucks - All Regions

The aim is to supply the country's needs of liquid gas. It envisages the purchase of tanker-trucks to carry out gas from main stores to the storage and filling stations in the cities. Eight such tanker-trucks are required and the cost is estimated at 9.6 million Rials.

24. Construction of Office Buildings

This aims at providing the Corporation with the necessary buildings and office premises. The cost is estimated at 18 million Rials.

25. Building Warehouses for Oil Products in Sana'a, Ta'iz and Hodeida

This project aims at constructing new storage warehouses for oil and lubricants. Two hangars, one each in Sana'a and Hodeida have been built and during this Plan, a hangar in Ta'iz will be constructed. The cost is estimated at 3.6 million Rials.

26. Computer Centre - Sana'a

The aim is to introduce modern methods of accounting which will store and tabulate financial data. The cost of this project is estimated at 6.2 million Rials.

F. Permanent National Committee for Food and Nutrition

27. Strengthening and Reorganizing the Committee

This project aims at establishing offices and warehouses for the Committee at Sana'a, Ta'iz and Hodeida. The cost of the project is estimated at 6 million Rials.

G. Consumer Cooperative for Civil Servants

28. Construction of Consumer Complexes - Sana'a, Ta'iz, Hodeida, Hajjah, Ibb, Dhamar and Sada

This project consists of seven complexes in the districts mentioned above, each complex, four storeys high. The project aims at securing food items and consumer goods to low-income people at reasonable prices. The cost of this project is estimated at 24.5 million Rials.

29. Construction of a Hangar at Hodeida

This project consists of a large hangar in which foodstuffs will be stored near the harbour in Hodeida and will provide convenient storage space for goods arriving from abroad. The cost of this project is estimated at 15 million Rials.

The Private Sector

It is expected that the private sector will be investing an amount of about 2,005.9 million Rials on buildings and equipment in connection with activities in the field of trade, restaurants and hotels.

VI. TRANSPORT AND COMMUNICATIONS

A. Public Sector

Roads and Highways

1. Completion of Ongoing Projects

The objective of this project is to complete various road construction projects which are currently being implemented. Among these roads are Saada-Dhahra, Jizan - Hodeida, Sana'a - Jihana, Mckha - Mafraq and Amran - Hajja. The planned investment is estimated at 194 million Rials during the period of the Plan.

2. Improving and Maintenance of Existing Roads

The aim of this project is to reinforce the main roads and highways which link the three principal cities: Sana'a, Ta'iz and Hodeida. The cost of this project is estimated at 380 million Rials.

3. The Yarim-Qataba Road

The aim of this project is to construct a road between Yarim and Qataba, 97 kms. long. The cost of this project is estimated at 307 million Rials, of which the financing is expected to come from foreign loans.

4. The Bajil-Maabar Road

The aim is to construct a 160 kms. road linking Bajil and Maabar. The project will be started in 1982 and completed by 1986. The cost is estimated at 528 million Rials.

5. Feeder Roads

This project forms part of the integrated plans for rural development in various parts of the country. The investment cost is estimated at 311 million Rials under the present Plan.

6. Other Rural Roads

The aim is to link the rural areas with the main centres by constructing 3,300 kms. of rural roads at a total cost of 120 million Rials. This project will be undertaken by the Confederation of Yemeni Development Association.

7. Asphalting Roads in the Cities

This project aims at building and asphaltting the roads in the towns and cities after completion of the current water and sewerage, telephone and electricity works. The investment cost of this project is estimated at 620 million Rials.

II. Telecommunications and Postal Services

8. Completion of the Underground Telephone Network

The aim is to provide telephone service to all the main cities by installing new underground network, to provide telephone lines to the new subscribers. The total cost will be 164 million Rials of which 105 million have already been invested and 59 million will be spent during the present Plan period.

9. Telephone Lines for New Subscribers

The objective is to provide telephone services to new subscribers. The investment cost of this project is estimated at about 5 million Rials.

10. Strengthening Main Internal Networks -- Sana'a, Ibb, Dhamar and Hodeida

The aim of this project is to increase the capacity of the existing national networks and to improve telecommunication services. Thus, 40,000 new telephone lines, complete with their networks and exchanges, are to be installed at a cost of about 59 million Rials.

11. Long-Distance Rural Telephone Network

The aim is to connect rural areas to the main centres and cities by telephone. The cost of this project is estimated at 15 million Rials.

12. Local Rural Telephone Networks

The aim is to introduce telephone services into the rural areas which are not too distant from the towns and cities. New telephone exchanges of 200 lines capacity are to be installed in the various districts. The total cost is estimated at about 90 million Rials.

13. Inter-City Microwave System - All Regions

The aim is to provide the country with modern and speedy telephone connections and to introduce cable T.V.. The total cost of this project is estimated at 76 million Rials.

14. National Trunk Call Services

The aim is to provide manual trunk call services by installing 50 new trunk exchanges in all parts of the country. This is a new project with an investment cost of 5 million Rials.

15. Regional Project (The Arab Scheme)

The aim is to provide international telephone, telegraph and telex services linking YAR with the Southern Yemen, Saudi-Arabia, Djibouti and Somalia. The cost of the project is estimated at 45 million Rials.

16. International Telephone Exchange

The aim is to improve international telephone services by installing a new exchange with a preliminary capacity of 500 lines with an extension of a further 200 lines. The cost of this project is estimated at 18 million Rials and its implementation will start in 1984.

17. International Telex Exchange

The aim is to increase international telex services needed for speedy communications with the world at large. The cost is estimated at 24 million Rials and financing is required for this project.

18. Technical and Administrative Buildings - Various Cities

The project includes the construction of a number of buildings for the Ministry of Communication, the cost of which is estimated at 36 million Rials.

19. Central Warehouses for Sana'a and Ta'iz

The aim is to provide suitable facilities for storage of the equipment and instruments by building two warehouses, one each in Sana'a and Ta'iz. The estimated cost of the project will be 10 million Rials.

20. Sana'a Institute for Telecommunications

The aim is to train national staff to run the existing and projected telecommunications systems and to ensure their maintenance. The project is currently under implementation and investment costs during the Plan will reach 30 million Rials over the 15 million Rials already spent on the project.

21. Improving and Developing Postal Services

The aim is to improve postal services by constructing postal buildings complete with necessary installations in all regions. The cost of this project is estimated at 38 million Rials. This is a new project and is expected to be completed by the end of the current Plan.

22. Institutional Support to the General Secretariat for Transport

This aims at providing the Transport Authority with the necessary financial and technical means to operate efficiently. It includes buildings and equipment at an estimated cost of 13 million Rials.

III. Civil Aviation, Motorway and Air Transport

23. Institutional Support to the Civil Aviation and Meteorological Authority-Sana'a

The aim is to increase the financial and technical means of the Authority. The cost of this project is estimated at 118 million Rials. The project requires financing.

24. Development of Sana'a Airport

The aim is to improve and expand services at Sana'a Airport. The cost of the project is estimated at 110 million Rials.

25. Development of Ta'iz Airport

The aim is to improve services at Ta'iz Airport by improving the Airport's runway and terminal building in addition to improving other facilities. The total cost of this project is estimated at 110 million Rials, and is in need of financing.

26. Development of Hodeida Airport

The aim is to improve services to aircraft landing at Hodeida Airport and to expand its facilities, thereby enabling it to cope with increased air traffic. The project includes new terminal building for passengers and a reinforcement and extension of the existing runways. The total cost is estimated at 60 million Rials.

27. Domestic Airports - Various Cities

The aim is to improve the air links between various cities by extending domestic airline services and by improving the airports at Ma'arib, Baqaa, Saada, Amran, Al-Baida and Al-Jawf. The estimated cost of this project is 75 million Rials and it is expected to be implemented in 1983. Financing is required.

28. Consolidating Yemen Airlines' Fleet

The aim of this project is to increase the services offered by the national airlines by purchasing two wide-bodied aircrafts. The total cost is estimated at 180 million Rials.

29. Improving Ground Services

This project includes an expansion and improvement of buildings, instruments and equipment to enable the Yemen Airlines to offer improved services. The cost is estimated at 31 million Rials.

30. New Branch Offices for Yemen Airlines

The aim is to enable Yemen Airlines to cope with the increasing demands for its services by opening new branch offices within the country and abroad. Estimated cost is 5 million Rials during the Plan.

31. Supply and Catering Building at Sana'a Airport

The aim is to create catering services at the Airport to supply aircrafts and passengers with food and other necessities. The estimated cost is 20 million Rials.

IV. Ports and Maritime Transport Projects

32. Development of Katib Port

The aim is to provide better services at Katib Port by increasing the facilities for discharging goods. The project involves the construction of new buildings, warehouses, goods' handling and hoisting equipment. The total cost is estimated at 32 million Rials.

33. Development of Mokka Port

The aim is to improve maritime services and to expand the port's present capacity by building a lighthouse for the harbour and the maintenance of quays and wharves. In addition, new buildings will be constructed and mobile cranes with a capacity of 15-20 tons installed. Total estimated cost will be 24 million Rials.

34. Development of Hodeida and Salif Ports

The aim is to raise the capacity and the quality of services at the ports and to expand the loading and discharging capability by constructing new buildings, warehouses and installing new equipment. In addition, new lighthouses will be built. The estimated cost will be 81 million Rials.

V. Road Transport

35. Buses and their Maintenance

The aim is to buy 64 new pullman buses and construct necessary maintenance garages. The cost of this project is estimated at 25 million Rials.

VII. THE FINANCIAL SECTOR

A. Public Sector

1. Buildings and Equipment

The aim is to increase the branches of the Yemen Bank for Reconstruction and Development and to expand some of the existing branches in Sana'a, Ta'iz and Hodeida. The project is under study and is expected to cost 15 million Rials during the period of the present Plan.

2. Computer, Microfilm, and Photostat Copier for Yemen Bank

The total cost is estimated at about 10 million Rials and the project is expected to be completed during the first year of the Plan.

3. Warehouses and Buildings

The aim is to provide the necessary warehouses to store the agricultural produce by the Agricultural Credit and Co-operative Bank. The total cost of the project is estimated at 10 million Rials.

4. Banking Complex

The project aims at building a large administration complex for the Housing Credit Bank, the Industrial Bank and the Industrial Complexes. Estimated cost during the present Plan will be around 9 million Rials.

5. Consolidating the Banking System

The aim is to raise the capacity and efficiency in each of the three main banks: the Yemen Bank for R. construction and Development, the Housing Credit Bank and the Agricultural Credit and Co-operative Bank by purchasing instruments and necessary equipment. The estimated expenditure during the Plan is 6 million Rials.

B. Private Sector

According to the Plan, the Private Sector will be investing about 50 million Rials in fixed capital investments during the period of the Plan, represented mainly by buildings, equipment and necessary facilities for conducting their normal business.

VIII. HOUSING AND REAL ESTATE

A. Public Sector

1. Housing Compounds for Workers

The Plan provides for the creation of housing compounds for the workers in various cities. Four Hundred housing units are scheduled to be implemented each for Sana'a and Ta'iz, 200 housing units each for Ibb and Dhamar and 60 units each for Saada and Baida. The total cost for this project is estimated at 260 million Rials.

B. Private Sector

Most of investment in this sector are carried out by the Private Sector. Its investments are estimated at 3,485 million Rials during the Plan period which represents 93% of the total fixed capital investments.

IX. GOVERNMENT SERVICES

A. MINISTRY OF EDUCATION

1. Primary Education - All Regions

The project includes the creation of 11,300 new classes and the total cost is estimated at 921.9 million Rials.

2. Preparatory Education - All Regions

The aim is to increase the number of intermediate classes by adding 998 new classrooms, and the cost is estimated at 203.3 million Rials.

3. Secondary Education - All Regions

This project aims at expanding the capacity of enrollment in the secondary schools by adding 265 new classes. The estimated cost is 51.7 million Rials.

4. Teachers' Training Institutes - Various Cities

The aim of this project is to increase the number of male and female teachers by training nationals to satisfy the growing demand for teachers at all levels. The project aims at increasing the number of teachers from 3371 during the base year to 4090 teachers by the end of the Plan. The total cost of this project is estimated at 11.2 million Rials.

5. Technical Commercial Education - Sana'a, Ibb and Hodeida

This project aims at increasing the numbers of graduates from the technical institutes by raising their numbers from 442 in 1981 to 1081 by 1986 at a cost of 11.7 million Rials.

6. Technical Agricultural Education - Sana'a and Hodeida

In view of the fact that agricultural development is one of the main pillars of the country's overall development, it is imperative to provide this vital sector with the needed technical staff. This project aims at increasing the number of trainees from 77 in 1981 to 522 by 1986. The cost is estimated at 30.5 million Rials.

7. Technical Industrial Education - Various Cities

The aim is to increase the number of qualified technical staff in various industries by increasing the number of technical institutes for industrial training. The investment cost of this project is estimated at 113.9 million Rials. The Federal Republic of Germany and IDA are participating in financing components of this project.

8. Higher Technical Institute, Sana'a

The project aims at increasing the number of highly-trained technical staff. The investment cost of the project is estimated at 27.5 million Rials.

9. Basic Training Centres

The aim of this project consists in training nationals in basic skills by upgrading their qualifications and increasing the capacity of the basic training centres in the various governorates. The investment cost of this project is estimated at 4.8 million Rials. Both IDA and the DVS (German Volunteer Services) are participating in financing this project.

10. Adult Education and Literacy Programme - All Regions

The aim is to improve the country's standards of education and to eradicate illiteracy among adults. The total cost of the programme is estimated at 50 million Rials during the Plan period.

11. Auxiliary Services - All Regions

The aim is to provide the necessary services in the field of education at various levels such as school curricula, textbooks, food, research centre and others. The total cost of the project during the period of the Plan is estimated at 106 million Rials. The World Bank, UNESCO and the World Food Programme are participating in financing this project.

12. Theological College

The project aims at establishing a college for religious and Islamic Law Sciences. The cost is estimated at 22 million Rials.

13. The Sana'a University

The aim of this project is to reinforce the University and increase the number of faculties in it. The project consists of building a Faculty of Medicine, Training Hospital, Faculty of Engineering, Faculty of Agriculture with related experimental farm, and completion of the Faculty of Sciences and its laboratories and a printing press. It also includes constructing boarding houses for teachers and female students. The total investment cost during the period of the Plan is estimated at 749 million Rials. Kuwait, Iraq and the IDA are participating in financing this project.

B. THE MINISTRY OF HEALTH

14. Basic Health Services

The aim is to extend health services to 25% of the population who have not benefitted so far from the essential health care and prevention scheme. Total cost is estimated at 270 million Rials during the Plan. The United Nations is financing part of the cost.

15. Preventive Medicine Services

This project aims at safeguarding the health of children by immunizing them through vaccination services against infant diseases. The cost of this scheme is estimated at 18 million Rials during the Plan period.

16. Health Education Programme

The aim is to disseminate information on health and nutrition. The total cost of this project is estimated at 6.8 million Rials.

17. Health Training Programme

This project aims at training nationals in a Health Training Institute at Sana'a and its branches, in addition to establishing nursing schools. The total investment cost is estimated at 46.4 million Rials.

18. Institutional Support to the Ministry

This aims at enabling the Ministry of Health to provide better and broader services to the population. It comprises the construction of a new headquarters building for the Ministry, several central and auxiliary depots, maintenance workshops to repair and service medical instruments and reinforcing the Health Planning and Statistics Unit. The cost of this project is estimated at 73.6 million Rials.

19. Renovating and Upgrading Hospitals

This aims at improving the medical services of hospitals by renovating and improving their functions. The total cost is estimated at 125.2 million Rials.

20. Rehabilitation Centre - Sana'a

This aims at supplying and fitting the handicapped with artificial limbs by expanding the new centre and providing it with all the necessary equipment and instruments. The cost is estimated at 31.4 million Rials of which 4.9 have already been disbursed prior to the Plan. The project is expected to be completed during the Plan period.

21. Health Laboratories

The aim is to improve tests and analysis by strengthening the existing laboratories and creating new ones. The cost is estimated at 103.8 million Rials of which 7.7 million were spent before the Plan. The project is expected to be completed during the Plan period.

22. Balanced Nutrition Programme - All Regions

The aim is to organize nutrition in hospitals. The project consists of creating units in some cities and in training the necessary staff. The cost is estimated at 2.6 million Rials of which 0.8 million have already been spent before the Plan. This project will be partly financed by the World Food Programme.

C. MINISTRY OF MUNICIPALITIES AND HOUSING

23. Master Plans for Main Cities

The aim is to institute an orderly planning for urban development in the cities by drawing detailed maps of the main cities. The cost is estimated at 67.3 million Rials. This is a new project and requires financing.

24. Town Planning

The aim is to prepare plans for the development of towns in Hajjah, Saada, Mokha, Baida, Ma'arib, Mahwit, Peit Faqih and others. The cost is estimated at 10 million Rials. The project is new and requires financing.

25. Water Drainage Systems - All Regions

The aim is to build drainage systems in towns and cities. The investment cost during the Plan is estimated at 149.2 million Rials.

26. Detailed Plans for the Cities

The aim of this project is to introduce detailed and modern town-planning for the cities of Hodeida, Ta'iz, Ibb, Saada, Radaa, Baida, Mahwit and Mokha. This is a new project and the cost is estimated at 50 million Rials.

27. Construction of a Building for the Ministry and its Branches

The project consists of constructing buildings for the Ministry and branches in 14 of the districts. Total cost is estimated at 35 million Rials.

28. Slaughterhouses - All Regions

The aim is to provide most areas with small modern slaughterhouses where animals would be slaughtered in a sanitary manner after veterinary inspection. The cost is estimated at 25 million Rials.

29. Solid Waste Disposal

The project aims at safeguarding the general health and cleanliness by organizing sound garbage-collection and disposal for the cities of Sana'a, Ta'iz, Hodeida and Dhamar. The cost is estimated at 44 million Rials.

D. MINISTRY OF INFORMATION AND CULTURE

30. Institutional Support to the Ministry

The project consists in purchasing equipment and transport conveyances, and constructing a building for the Ministry. The cost is estimated at 18.9 million Rials.

31. Cultural Centres

The aim is to create widespread cultural awareness by strengthening and creating new cultural centres in various cities and towns. The cost is estimated at 75.3 million Rials.

32. The Book Project - Sana'a

The aim is to revive the Yemeni ancient heritage by compiling historical data and publishing books. Estimated cost will be 0.4 million Rials.

33. Microfilm

The aim is to preserve and protect the Ministry's records and documents by introducing the microfilm technique. The cost of the project is estimated at 0.3 million Rials.

34. Coverage of Central Regions by Television

The aim is to step up the power of television broadcasting to reach the central areas in the country. The estimated cost is 0.4 million Rials.

35. Construction Work at the Broadcasting Stations

The project aims at building walls to surround the broadcasting stations at Sheoub and Hodeida. The estimated cost is 14.0 million Rials.

36. Power Generators for Sana'a T.V. Station

The aim is to avoid power-cuts that would interrupt television broadcasts by installing its own electric generators. The estimated cost is 5.8 million Rials.

37. T.V. News Unit

The aim is to reinforce the news unit on television with new modern equipment. The estimated cost during the Plan is 5.3 million Rials.

38. Institutional Support to Public Radio and T.V. Organization

The aim is to increase the capacity of the Organization in fulfilling its role of information by replacing outdated equipment with modern ones. The estimated cost is 44.3 million Rials.

39. Mobile T.V. Recording Units

The aim is to purchase mobile television units for external recording and filming. The estimated cost will be 24.8 million Rials.

40. T.V. Building

The aim is to construct a new building for the T.V. Administration which is expected to cost 11.9 million Rials.

41. Completion of Phase II, T.V. Broadcast

The project consists of the purchasing and installing a microwave network which is estimated to cost 24 million Rials during the Plan period.

42. Medium-Power Electricity Generator

The aim is to boost broadcasts by increasing the number of broadcasting hours and expanding the scope of the coverage. It consists of setting up 600 K.W. generator output. The cost of the project is estimated at 12.8 million Rials.

43. Establishment of Radio-Broadcasting Production Centres

This aims at improving broadcasting by setting up modern production centres. The project consists of the construction of buildings and related equipment. Total cost will be 22.8 million Rials.

44. Two New Short-Wave Transmitters

The aim is to extend transmission coverage through two new short-wave transmitters. The estimated cost is 15.1 million Rials.

45. Radio-Monitoring Devices and Maintenance

The aim is to develop radio-monitoring and to ensure constant maintenance of the equipment. The estimated cost of this project will be 3.8 million Rials.

46. Linking the Cities by Radio Broadcasting

The aim is to establish inter-city radio links. The cost is estimated at 5.9 million Rials for transmission units, conveyance, etc.

47. T.V. Linkage for the Main Cities

The project consists of T.V. cameras, recorders and relay units to cover the news broadcast by television between the various cities. The cost is estimated at about 6.2 million Rials.

48. Radio and T.V. Complex

The aim is to build a central complex to house the services of both radio and television services. The estimated cost will be 5.5 million Rials.

49. Press and News Agency

The aim is to increase the Agency's capacities by backing it with material and other means and by opening branches in the main cities. In addition, the "Press House" will be established in Sana'a. The cost is estimated at 47.2 million Rials.

50. Yemeni Tourist Corporation

The project consists of constructing buildings for the corporation, increasing its transportation fleet and providing it with a maintenance garage for its vehicles. The estimated cost will be 15.5 million Rials.

51. General Organization for Tourism

The aim is to promote tourism in the country by supporting the Organization and intensifying touristic publicity. In addition, it anticipates necessary training of staff. A tourism survey will be carried out. Several tourist offices will be created in various regions of the country. Total cost of this project will be 97.9 million Rials.

E. MINISTRY OF LABOUR AND SOCIAL AFFAIRS

52. Social Services Institute - Sana'a

The aim is to prepare and train local qualified staff to work in the field of social welfare by establishing an intermediate institute for social services. The cost is estimated at 13 million Rials.

53. Pilot Project for Integrated Rural Development

The aim is to identify social services needed for projects of integrated rural development. The investment cost during the Plan is estimated at 1.5 million Rials.

54. Completion and Development of the Institute of Social Orientation - Sana'a

The aim is to increase social orientation services and prepare those in need to practice productive services. The cost is estimated at 4 million Rials.

55. Completion and Development of "Nur" Centre for the Blind

This aims at providing social welfare services to the blind and to train them to acquire a greater degree of self-reliance. The total cost of the project is estimated at 10 million Rials.

56. Family Development Centres - Sana'a, Hodeida and Ta'iz

The project aims at constructing family welfare centres with the necessary equipment. The cost is estimated at 13.5 million Rials.

57. Kindergartens -Sana'a and Ta'iz

The aim is to provide care for children in the pre-school age to help working mothers. The cost is estimated at 3 million Rials.

58. Buildings for the Ministry

The aim is to provide adequate facilities to enable the Ministry staff to perform their duties under better conditions. It consists of buildings for the Ministry in Sana'a and various branches in the districts. The cost is estimated at 12 million Rials.

59. Completion of Sana'a Vocational Training Centres

The aim is to provide training services for various occupations and trades. This would enable families to increase their income and improve their standards of living. The cost is estimated at 3 million Rials during the Plan period.

60. Vocational Training and Workers' Education Centre - Sana'a

The aim is to provide workers with educational and cultural facilities. The project consists of creating a boarding section in the institute in addition to providing living quarters for the trainers. The cost is estimated at 6.6 million Rials during the period of the Plan.

61. Creation of a Social Security Institution - Sana'a

This project aims at providing the citizens with social security services. The cost is estimated at 3.5 million Rials.

62. Centre for Care of the Blind - Hodeida

The aim is to enable the Hodeida Centre for Care of the Blind to function better. The estimated cost of the project is 1.7 million Rials during the Plan period.

63. Establishment of Clubs and Playgrounds, Sana'a, Ta'iz, Hodeida and Saada

The aim is to offer recreational and sports facilities to the youth of the country through the creation of clubs and playgrounds. The cost of the project is estimated at 20 million Rials during the Plan period.

64. Completion of the Sana'a Sports Stadium

This aims at completing the Sana'a Sports Stadium and equipping it in accordance with international standards. The cost is estimated to be 50 million Rials during the period of the Plan.

65. Sports Stadium for Dhamar, Baida and Ibb

The aim is to provide the youth of these three cities with sports and recreational facilities. The estimated cost is 50 million Rials.

66. Gymnasiums - Sana'a, Ta'iz and Hodeida

The aim is to provide citizens especially youth with recreational and sports facilities through the construction of gymnasiums in Sana'a, Ta'iz and Hodeida. The cost is estimated at 20 million Rials.

67. The National Olympic Committee (Premises)

The cost of this project is estimated at 1.7 million Rials during the Plan period.

68. Scouts Activities - Various Cities

The aim is to provide quarters for the Scouts' Association and for the Youth Federation in Sana'a and to build walls around all scouting camps. Cost is estimated at 6.5 million Rials during the Plan period.

69. Swimming Pools - Sana'a, Ta'iz and Hodeida

The aim is to build swimming pools to allow the youth to practice that sport and organize competition. The estimated cost is 115 million Rials.

70. Youth Hostels - Ma'arib, Hajjah and Dhamar

The project aims at building youth hostels in these three towns. The estimated cost is 10 million Rials.

71. Sports Training Educational Institute

The aim is to turn out sports trainers by creating training institutes for this purpose. The estimated cost is 12 million Rials.

72. Scouts' Training Centres - Ibb, Hodeida, Ta'iz and Hajjah

The aim is to train youth in scouting activities by creating training centres for this purpose. The cost is estimated at 4 million Rials.

73. Building for the Higher Youth Council, Sana'a

The new premises will cost a total of 11 million Rials.

74. Floodlight Improvements in Sana'a, Hodeida and Ta'iz Stadiums

This project aims at providing each stadium in the three cities with better amenities, improvements and floodlight illumination suitable for both day and night use. The estimated cost is 1.1 million Rials.

F. GOVERNMENT ADMINISTRATION

75. Central Control and Audit Organization - Sana'a and Ibb

This aims at enabling the Organization to construct suitable premises in Sana'a and Ibb. The investment cost is estimated at 15 million Rials.

76. Institutional Support to the Central Control and Audit Organization

The project aims at increasing the efficiency of the Organization by supplying it with the necessary equipment and by training local staff. The estimated cost is 5 million Rials.

77. Buildings for the Ministry of Foreign Affairs

The project consists of constructing buildings for the Ministry in Sana'a and Yemen Embassies abroad. It will also include the purchase of necessary equipment and training of personnel. This project will cost 55 million Rials.

78. The Prime Minister's Residence and Other Buildings

The project includes construction of buildings for the Council of Ministers and a residence for the Prime Minister with appropriate modern equipment. The total cost is 14.9 million Rials.

79. Buildings for the Ministry of Local Administration

This project aims at building well equipped new premises for the Ministry in Sana'a and in the main cities. Training will also be provided to increase the competence and efficiency of the staff in the Ministry. Total cost is estimated at 80 million Rials. Other projects are under preparation.

80. Buildings for the General Prosecutor's Office

The project comprises construction of buildings and installation of equipment. The cost is estimated at 45 million Rials.

81. Buildings for the Ministry of Civil Service

The project consists of expanding the present premises and building new ones at Ibb, Ta'iz and Hodeida. Local staff will be trained and modern equipment purchased. The total cost is estimated at 30 million Rials. Other projects are under preparation.

82. Buildings for the Ministry of Justice

This includes building Law Courts in various cities. The cost is estimated at 80 million Rials during the Plan period.

83. Building for the President Secretariat

The project comprises additional buildings with equipment for the Presidential Palace and the Secretariat in Sana'a and Hajjah. The estimated cost during the Plan is 20 million Rials.

84. Institutional Support to the President Secretariat

This project involves the purchase of transport vehicles and construction of buildings and training. The estimated cost during the Plan period is 85.8 million Rials.

CHAPTER II

ORIENTATION OF THE DEVELOPMENT EFFORTS, THE OVERALL OBJECTIVE
AND STRATEGIES OF THE PLAN

- I. The Basic Features of the Economy of the Yemen Arab Republic
- II. The Development Constraints
- III. Orientation of the Development Efforts and General Objectives of the Plan
- IV. The Strategy of the Plan
- V. Sectoral Objectives and Strategies

I. THE BASIC FEATURES OF THE ECONOMY OF THE YEMEN ARAB REPUBLIC

1. In spite of the achievements realized and the projects implemented during the past few years since 1975, the Yemen Arab Republic's economy is still considered as one of the least developed countries. It is characterized by the following:
 - a. Low per capita income in current and real terms, a fact which makes it hard to provide essential requirements to the citizens;
 - b. A high rate of population growth resulting in increasing pressure on the State to meet basic needs and provide essential services;
 - c. Demographic distribution of the population characterized by a large proportion of the population within the very young age brackets, coupled with an increase of migration of agricultural and unskilled workers to neighbouring countries;
 - d. Low agricultural productivity, a relative rigidity in crops composition and undue reliance on rainfall and traditional farming methods;
 - e. Limited industrial activities and an inadequate existing industrial base;
 - f. Incomplete exploration and under-utilization of the country's natural resources, such as minerals and sources of energy;
 - g. A very high rate of illiteracy and a shortage of skilled labour at all levels and in all sectors of the economy, including a scarcity of qualified persons in the fields of education, training and administration;
 - h. A lack of basic institutional infrastructure; and,
 - i. Insufficient domestic financial resources, coupled with a low level of savings and a weak tax base.

2. In addition to all these, there are three other negative features which characterize the Yemen's economy, as follows:
 - a. The effects of the country's civil war which continued for several years in the aftermath of the 1962 revolution, with all its implications in the way of massive waste of the country's resources, and paralysis of all development activities;
 - b. Development took off on a weak base, lacking necessary human resources and institutions. In spite of the high priority given to investment projects in this connection, the country still faces a crucial shortage in its basic infrastructure. These bottlenecks cause a tragic waste of valuable resources, rise in costs, delay in the execution of vital projects, and narrowing down of the means of transport and communications; and,
 - c. There is near total reliance on imported consumer goods, as imports constitute about 61% of the Gross Domestic Product. As a result, the national economy has suffered from inflation and economic fluctuations.

II. THE DEVELOPMENT CONSTRAINTS

1. The Human Element

The country is facing a crucial scarcity of both trained manpower and skilled and unskilled labour.

There is also a marked shortage in the number of qualified professionals in such fields as agriculture, engineering, industry and medicine.

The existing system of education and vocational training is unable to meet, in the near future, the need for qualified and skilled manpower. Therefore, it is imperative to link the policies of education and training with the requirements of development by expanding the programmes of technical education and vocational training. The enrollment of students in the general and academic cycles of education should be re-organized, to ensure an adequate evolution of teaching and training in formal and non-formal education.

2. Institutional and Organizational Obstacles

In the wake of 1962 revolution, there was a sincere trend towards modernizing the country's administration and reorganizing its institutions in harmony with the people's aspirations for development and providing the citizens with better living conditions.

However, the country is still in need of further development of its basic infrastructure by setting up necessary institutions and developing its legislation. Other aims are to put into practice the principle of participation, encourage popular initiative in the co-operatives and upgrade the capacity of civil servants in the administration.

3. Under-Utilization of Natural Resources

The country suffers from inadequate resource management, including a low level of mining prospection.

a. Agricultural Land

The presently known arable land, covers a total of 3.5 million hectares, or about 15% of the country's total area. In addition to this, forest and range cover 1.0 million hectares. However, the total area producing crops of various kinds annually is put at only one million hectares or 5% of the total area of the country. The rest of the arable land consists of marginal or semi-marginal soil. In general, the development of this sector is slow, and is not consistent with the ever-increasing consumption of farm produce, nor is it compatible with the desired expansion of other economic sectors.

b. Water Resources

There are no rivers in the country: Yemen therefore relies on rainfall which generally occurs during two seasons of the year. Consequently, it has become imperative to find and exploit new sources of water on an adequate scale, in order to satisfy the growing needs of the population for drinking water, irrigation, industry, etc.

This requires greater attention to the development of the country's water resources, together with the application of new methods to reduce improper usage of existing resources.

c. Mineral Resources

The country is known to have substantial mineral wealth such as copper ore, iron ore, cobalt, and other. It is also rich in geothermal resources. However, all of these mineral resources require further studies since, as of this time, only salt has been exploited commercially.

d. Energy

The country presently relies exclusively on imported oil and oil-products for its energy needs. This has led to a marked rise in the cost of electric power.

4. Geographical Factors

The country's mountainous terrain increases the cost of extending public services to all its parts. It is therefore necessary to draw up integrated programmes and plan for large investments in order to provide the population with essential needs and to provide all regions with appropriate means of transport, education, communications, health services, etc.

5. Economic and Financial Constraints

There are several economic and financial bottlenecks which affect orderly and speedy implementation of the country's development plans.

a. Nonative Domestic Savings

The overall figures of consumption by the public and private sectors during the past decade exceeded the Gross Domestic Product. So far, this deficit has been covered by increased imports of consumer goods, most of which were financed by remittances from Yemenis working abroad. Part of these imports were also financed by foreign loans and grants.

b. Weak Infrastructure

Domestic production in the sector of consumer goods is insufficient to meet the increasing demand for intermediate and consumer goods of all types. The services sector has grown faster than the production sectors, while exports remain low.

c. Lack of Sufficient Domestic Financial Resources

Local financial resources are still unable to meet the country's needs for domestic finance. These needs have, so far, been covered by transfers from Yemenis working abroad, assistance and soft loans by brotherly and friendly countries, and from Arab and international financial institutions.

It will be therefore necessary for this vital flow of external assistance at favourable terms to continue, so that Yemen may pursue its development, until the country's national economy is able to reduce its dependence on foreign aid by improving its domestic resources and achieving self-reliance.

d. Imports of Consumer Goods and Balance of Payments Deficit

The country's continued reliance on imports in excess of 60% of its Gross Domestic Product, coupled with inflation, will continue to have negative effects on the national economy and the process of social and economic development and will increase dependence on the outside world and accentuate the deficit in the balance of payments.

III. ORIENTATION OF THE DEVELOPMENT EFFORTS AND GENERAL OBJECTIVES OF THE PLAN

1. Orientation of the Development Efforts

- a. The present stage of the Yemen economy and the problems facing its social and economic activities confirm the need for development as a continuous and flexible process. It requires a long-term planning concept through which development objectives can be achieved in consecutive medium-term periods. This planning concept consists

of annual sectoral plans which translate the development objectives into projects, policies and measures which result in better co-ordination and utilization of human, natural and financial resources in order to attain continuous and self-reliant development;

- b. The responsibility of the citizens and their effective participation in planning, implementation and evaluation of the political, social and economic development should be emphasized. They are also required to preserve the cultural principles of the Yemen society, as well as the noble traditions of the Yemeni people and to improve the development cooperative initiatives;
- c. Unity of the land and of the people in one Yemeni nation is one of the bases of development for Yemen;
- d. The Yemeni citizens' living standards should be steadily improved, offering him opportunities for material, cultural and educational progress;
- e. Better distribution of employment possibilities and the benefit of development to all regions of the country, particularly to the poor and remote areas must be assured;
- f. The State's participation in economic activities should be improved and contributions of the private sector encouraged; and,
- g. Yemen should continue its participation in measures to facilitate regional Arab and Islamic economic integration.

2. General Objectives of the Second Five-Year Plan

- a. Satisfying the Yemeni citizen's basic needs, increasing his income and share of Gross Domestic Product;
- b. Improving the skills of the citizens and developing methods and contents of education. Establishing training and research centres and reducing illiteracy;
- c. Restructuring the productive sectors to assure higher contribution to the GDP and devoting greater attention to the exploitation of the country's natural and mineral resources and co-ordination between the economic sectors and activities;
- d. Continuing efforts to achieve balanced and integrated regional development;

- e. Speedily and extensively developing the agricultural sector in both crop and animal production and improving health, cultural, social and economic conditions in the rural areas;
- f. Rationalizing private and public consumption expenditures and according incentives for savings, as well as directing surplus financial resources to productive investments;
- g. Improving skills and qualifications of Yemeni workers abroad and encouraging emigrants to invest their savings in productive projects in their home country;
- h. Developing the absorptive capacity of the country's economy by improving the economic performance of the public and mixed sectors. This includes improving the administrative capacity and strengthening the planning, follow-up, control, auditing and supervisory bodies as well as improving utilization of available and new capacities;
- i. Building up a modern state by strengthening and modernizing of the local government system, and improvement of the performance of security and judicial services;
- j. Facilitating the participation of the private sector in implementing productive programmes and investment projects, and giving incentives to private local, Arab and foreign capital;
- k. Supporting all measures and projects which contribute to the integration of the two Yemen States and encouraging all efforts towards regional, Arab and Islamic integration, with a view to a better use of resources and capacities available in the Arab Countries; and,
- l. Devoting greater attention to possibilities for tourism, upgrading environmental conditions, control of pollution, and preservation of cultural and historical resources.

IV. STRATEGY OF THE PLAN

The general objectives of the Plan are to build an integrated modern national economy, with a powerful linkage between its various economic sectors. This will also achieve a development of the means of production within the national economy and improve the basic infrastructure necessary for the satisfaction of essential needs, and at the same time, to raise the population's capacity for self-reliance.

In order to realize the general objectives of the Plan it will be necessary to establish adequate organizational and institutional frames and to formulate and implement development projects consistent with priorities of a balanced economic development.

The main strategic objectives of the present Plan are:

1. Optimum Utilization of Available Resources and Under-Utilized Capacities

The maximization of the GROSS DOMESTIC Product (in real terms) and per capita income, requires optimal utilization of all available resources. Towards this end, the Plan provides for:

- a. The development of domestic industries which rely on local raw materials and increasing the growth rate of such industries as well as the value added generated therefrom;
- b. The exploitation of the possibilities for tourism available in the country by providing adequate services and upgrading the Yemeni personnel working in this sector;
- c. The increase of the country's agricultural production both vertically and horizontally;
- d. The development of the national contracting services sector so that it may contribute more effectively to the execution of projects and to save foreign currency; and,
- e. The increased support for the manufacturing and extracting industries and efforts to increase exports from these sectors in the future.

2. Emphasis on Education, Health and Social Services

The development of human resources and increasing their productivity is a prerequisite for the realization of high growth rates and balanced development. The Plan has therefore given attention to the following:

- a. Modernizing the education and training system, with particular emphasis on technical and vocational training, to provide the development process with the much needed qualified human resources and to satisfy the growing needs for qualified manpower;
- b. Providing the citizens with basic health care services, as well as facilitating their access to social and cultural services in order to improve the quality of life of the Yemeni people;
- c. Devoting a greater attention to the country's youth, with a view to developing their potential contribution to society; and,
- d. Increasing the percentage of skilled and qualified nationals in the labour force.

3. Development of the Agricultural Sector

To achieve a reasonable level of food security requires an increase in agricultural production by modernizing the agricultural sector. In this connection, the Plan has provided for:

- a. Emphasis on integrated rural development as a means of increasing production and improving the living conditions of rural population;
- b. Promotion of agricultural co-operatives which protect the interest of farmers by providing them with the essential agricultural inputs at low cost and assisting them in marketing their products;
- c. Creation of strategic buffer stocks of the basic staple crops and completion of basic infrastructure, together with the adoption of a price-policy which would encourage domestic production and rationalize consumption;

- d. Devotion of greater attention to the production of livestock, poultry and fish; and,
- e. Improvement of marketing services and providing farmers with credit facilities. This will lead to increased production and will particularly benefit smaller farmers.

4. Construction of Dams and Better Use of Water Resources

The growth of the agricultural sector requires, inter-alia, the application of modern methods of irrigation, rational use of water and development of new water resources through the construction of dams, drilling of wells and introduction of other appropriate modern techniques. This requires the following:

- a. Rational water use by adopting modern ~~irrigation methods~~ such as drip and sprinkler irrigation;
- b. Minimizing runoff of water into the sea by constructing small diversion dams and by conducting comprehensive surveys for water reserves;
- c. Improving exploitation of ground water and rationalizing its use;
- d. Constructing and maintaining distribution canals and instituting measures to prevent water pollution; and,
- e. Supplying safe drinking water to all governorates.

5. Research and Development

The application of modern scientific methods is a prerequisite for economic development. The Plan has therefore taken into account the following:

- a. Providing support to Sana'a University, and in particular, the Faculties of Applied Sciences to develop the University into a main centre for science and technology, and for adapting technology to local conditions;

- b. Establishing a centre to select and develop the practical elements of technology, aiming at adapting technologies to local needs; and,
- c. Encouraging various industrial and agricultural enterprises to participate in research and development, in order to better use available resources.

6. Increased Crop Production and Agro-Industrialization

Setting up a combined agro-industrial economy is a suitable model for the national economy. This requires an emphasis on increased production of cash crops and creation of agro-industries. The Plan will encourage the private sector to expand its activities in this direction.

7. Increased Production and Control of Expenditures

Economic development, combatting inflation and stabilizing prices require a), increasing the production of goods and services, which calls for hard work and better exploitation of available resources; and b), limiting expenditures on consumer goods and inducing people to save and invest in productive projects.

The various economic policies, and particularly the financial policy, have an important role to play in achieving these goals. Furthermore, intensified training programmes and formation of new technical personnel will have a "damping effect" on wages, thus reducing costs and restraining further price increases.

8. Incentives for Savings and Rationalisation of Consumption

The achievement of high growth rates in the various sectors of the national economy requires large investments. This in turn requires a programme of rationalization of consumption in order to attain positive domestic savings. However, this by itself is not enough to achieve the projected growth rates in development. Therefore, foreign loans and assistance will have to be obtained on more favourable terms, in view of the fact that Yemen is still one of the least developed countries.

This requires:

- a. Creating new channels for savings and directing them toward investment in projects having major impact on development. There should be more incentives to channel smaller savings into the banking system. In addition, the insurance sector should be developed;
- b. The monetary policy adopted should allow the banking sector to increase its participation in financing development projects and activities;
- c. The tax-collection system should be improved by modifying the methods of tax-collection so that tax-payers will be induced to fulfill their duties;
- d. New sources of taxation should be developed, such as taxes on unbuilt urban lands, on fallow arable agricultural land and additional taxes on real estate which has increased in value, due, for example, to the introduction of public utilities or the opening of new roads; and,
- e. The capacities of State organizations and economic projects in the public sector should be upgraded in order to help them accumulate surplus financial reserves and increase their profit margins. This would enable them to self-finance their activities and co-finance other productive projects in conformity with the priorities of the Plan.

9. More Equitable Regional Distribution of the Benefits of Development

One of the strategies of the Plan is to boost the levels of economic activities and opportunities for productive employment in all regions. This policy is expected to help control the flow of urban migration and to minimize the negative effects of urbanization. The Plan will therefore strive to achieve the following:

- a. Increase the share of regions outside the main cities in the investments earmarked by the Plan, and provide these areas with increased public utilities and social services;

- b. Create centres of development in the less advantaged governorates of the country. These would serve as models to illustrate the beneficial aspects of social and economic development; and,
- c. Provide incentives for launching private projects outside the three main cities of Sana'a, Ta'iz and Hodeida.

10. Exploitation of the Mineral Resources

More intensive exploitation of the country's mineral resources is one of the main strategies of the present Plan. This requires widespread surveys and research to determine the feasibility of their exploration and commercial exploitation. Local technical experts should be trained in the various fields of this sector.

11. Protection of the Environment

It is vital duty to protect the natural environment. In Yemen in particular, special care should be devoted to this important aspect. This requires:

- a. Walls and terraces should be protected and erosion controlled by afforestation, particularly in the mountainous regions;
- b. Criteria should be established for the **rational use** of water to avoid its depletion; and,
- c. Measures should be adopted to regulate and avoid urban expansion into arable lands and to combat desertification.

12. Increased Self-Reliance

The continuous deficit in the country's balance of trade is a constraint to economic stability. Furthermore, the necessity to import all its energy supplies from abroad constitutes an additional heavy burden on the country's balance of trade. Therefore, the present Plan strives to raise the degree of self-reliance by expanding exploration for sources of energy. It will therefore emphasize

- a. Limitation of non-essential imports through the development and production of import substitutes, especially of feedstuff and local intermediate goods;
- b. Provision of new opportunities for Yemenis working abroad to channel their earnings into investments in productive projects;
- c. Judicious use of commercial policies to rationalize imports and rectify the deficit in the balance of trade;
- d. Intensification of efforts in the search for oil and use of alternative sources of energy, such as geothermal and solar energy; and,
- e. Development of civil service, local governments, security and judicial systems.

13. Arab Economic Co-operation and Integration

Yemen is an integrated part of the Arab World. In its development planning, the Yemen Arab Republic emphasizes its economic integration with the other Arab countries. It supports the strengthening of Arab economic relations. It also strives to standardize the education curriculae with the members of the Arab nation.

14. Popular Participation and Co-operative Societies

Effective participation by the citizen and the co-operative societies in the process of social and economic development is likely to ensure the attainment of the objectives set forth in the Plan. To achieve this, it will be necessary to:

- a. Make the best use of the mass media to publicize the requirements of development and the role of the citizen in the implementation of the Plan and its follow-up;
- b. Expand the activities of CYDA and the trade unions, with a view to channeling their efforts and potentials towards a successful social and economic development of the nation; and,

- c. Support to co-operatives and extend their participation in the various economic activities and the development of social integration.

V. SECTORAL OBJECTIVES AND STRATEGIES

The main sectoral objectives, strategies, and policies included in the Plan to achieve the desired objectives are presented below:

1. Agriculture

A. General Objectives

1. To maximize the utilization of available potential in the agricultural sector for animal and crop production, increasing the cultivation of new cash crops and the productivity of horticulture crops, and raising livestock production; emphasis should also be made on soil improvement and conservation;
2. To increase the irrigated area and to intensify the agricultural production;
3. To increase the production of livestock, poultry and fisheries;
4. Provide the industrial projects with all necessary inputs and requirements of agricultural products;
5. To increase the production of such crops which contribute to decreasing the deficit in the balance of trade, either by reducing the imports of some of the most important crops, or by increasing their exports, or both;
6. To achieve a high degree of food security;
7. To solve the problems related to Qat cultivation, and to encourage the cultivation of coffee seeds and cotton;
8. To promote green areas and propagate the cultivation of horticulture and forests, and diversification of crops;
9. To protect and develop the use of agricultural resources;

11. Encouraging the establishment of agricultural cooperatives and supporting them with credit and other facilities;

2. The Mining Sector

A. Objectives

1. Intensifying exploration and prospection in areas where oil and minerals such as copper and iron ore are likely to exist;
2. Increasing the production of quarries, kilns, and all other construction materials, improving methods of extraction; and,
3. Preparing geological maps and carrying out geophysical studies and an integrated programme of geological and geophysical surveys.

B. Strategies and Measures

1. Supporting the Department of Geological Survey and providing it with the necessary equipment;
2. Strengthening co-operation with international and **bilateral** institutions in the field of studies and exploration;
3. Encouraging joint participation in investment to explore the country's mineral resources; and,
4. Implementing joint projects, particularly with the PDRY, to explore mineral resources on both sides of the borders.

3. Manufacturing

A. Objectives

1. Maximizing productivity;
2. Increasing revenues and the value added in the different processing stages;
3. Giving priority to the use of underutilized capacities;
4. Giving priority to projects using local raw materials;
5. Increasing production of foodstuffs and building materials,

- in order to meet the growing demand and achieve a higher degree of self-reliance in satisfying the basic needs of the population;
6. Strengthening productive and marketing services and improving credit facilities through the Industrial Bank;
 7. Increasing the supply of technical staff in the various specializations;
 8. Achieving integration between manufacturing projects and those in other sectors, especially of agriculture, construction and housing;
 9. Encouraging Arab and foreign capital to invest in the country's various industrial activities; and,
 10. Co-ordinating the Plan for manufacturing with both the consumption and foreign trade plans. This would help to reduce the deficit of the balance of payments and increase the country's capability for self-reliant development.

B. Strategies and Measures

1. Developing the extraction and agricultural industries, thus ensuring a surplus of production of raw agricultural materials, minerals and quarries to guarantee a continued supply of raw materials to the processing industries;
2. Emphasizing high revenue industries and import substitution projects in order to preserve the country's foreign currency reserves, and encouraging export-oriented industries;
3. Fulfilling/ requirements by the agricultural sector of industrial products;
the
4. Strengthening textile industries, since the raw materials are available locally and the demand for the product is very large;
5. Encouraging the creation of chemical and building material industries;

6. Encouraging the private sector to increase its investments in industrial development projects;
7. Establishing industrial complexes which provide public utilities and basic services required for industrial development; and,
8. Training manpower and establishing a centre to impart and adapt technology suitable for the Yemeni economic conditions.

4. Electricity and Water

A. Objectives

1. Increasing the capacity of electric power to meet the demand;
2. Improving the methods of transmission to areas of consumption;
3. Improving distribution networks within the cities and villages;
4. Providing water supply for the utmost number possible of the population;
5. Operation of sewerage projects to safeguard the health of the population; and,
6. Carrying out a comprehensive water resources survey; improvement of regulation of the use of water resources.

B. Strategies and Measures

1. Institutional support to the Yemen General Electricity Corporation;
2. Connecting the centres of electricity generation by a high voltage network which feed consumption centres through transformation plants into medium and low voltage;
3. Including the electrification of the governorates in the rural electrification programme;
4. Identifying new water resources for drinking purposes, and organization of the agency supervising water use; and,
5. Implementing necessary sewerage projects.

5. Construction Sector

A. Objectives

1. Supporting the sector of national contracting services to enable it to better contribute to the implementation of the Plan projects;
2. Achieving self-sufficiency in the field of building materials;
3. Encouraging private sector **contractors** to co-operate closely with each other to consolidate their capacity in order to be able to undertake large contracting jobs; and,
4. Reducing the cost of construction projects.

B. Strategies and measures

1. Participation in establishing a General Contracting Company in conjunction with qualified Arab or foreign contracting firms;
2. Providing the necessary equipment and machinery, and accelerating the execution of local projects of building **material** industry;
3. Training local workers in the field of construction;
4. Setting technical standards and specifications for construction in order to reduce the cost; and,
5. Establishment of the Engineering Bureau for Specifications, Contracting and Construction.

6. Trade and Catering Services

A. Objectives

1. Facilitating the supply of domestic and imported goods to the consumers at favourable prices;
2. Reducing regional and seasonal price fluctuations and discrepancies;
3. Providing the basic household provisions to satisfy the population's basic needs;

4. Increasing the storage capacity for grains to support the objective of food security;
5. Securing the oil products required for generating energy; and,
6. Providing the necessary hotel and restaurant services.

B. Strategies and Measures

1. Establishment of enterprises and supporting the firms working in this sector;
2. Expanding storehouse capacities to stabilize prices;
3. Conducting consumption surveys to ascertain consumers requirements;
4. Establishing large grain silos required to achieve food security and to maintain buffer stock;
5. Establishing reserve oil tanks to ensure meeting the country's energy needs;
6. Encouraging the establishment of hotels and other tourist facilities; and,
7. Establishing consumer cooperatives to facilitate the supply of goods to the consumers.

7. Transport and Communications

A. Objectives

1. To eliminate the isolation of remote areas;
2. Improving transport and communications with the rest of the world;
3. Reducing the costs of passenger fares and freight to promote utilization of the country's resources; and,
4. Extending the telex, telephone and other facilities of communications.

B. Strategies and Measures

1. Maximum utilization of the available capacities of transport and communications, and improving their performance;
2. Completion of on-going road-construction projects and construction of new roads to facilitate movement between the country's governorates;
3. Extension of the present communications network to facilitate communications between all cities and regions of the country and the rest of the world; and,
4. Improvement of all airports and harbours to meet the future needs of the country.

8. Finance Sector

A. Objectives

1. Extending banking facilities to the rural areas;
2. Encouraging savings;
3. Offering credit facilities to the various projects especially development ones;
4. Contributing to economic stability and control of inflation; and,
5. Absorption of surplus liquidity, channelling funds towards investment purposes, facilitating and encouraging participation by individuals and enterprises in the investment processes.

B. Strategies and Measures

1. Financial policy measures to support the country's economic development and achieve stabilization of prices;
2. Institutional support and upgrading the banking system to establish branches in the remote areas;

3. Incentives for implementing the production-oriented projects, and securing the necessary funds for this purpose;
4. Strengthening the Industrial Bank to promote small-scale and cottage industries; and,
5. Increasing the capital of the Agricultural Credit Bank to provide farmers with the required credit facilities.

9. Government Services Sector

I. General and Religious Education and Training

A. Objectives

1. Providing all citizens with education opportunities both in the cities and rural areas;
2. Qualitative and quantitative development of education facilities at all levels;
3. Improving the quality context and level of education at all levels/taking into consideration the requirements of the society; linking education ^{content} with the needs of the society and the labour market;
4. Improving the quality of teachers, and introducing the necessary incentives to attract more national staff;
5. Expanding educational institutions in all parts of the country, conducting studies for establishing the Islamic Science Centre; and,
6. Giving great attention to eradication of illiteracy and to non-formal education.

B. Strategies and Measures

1. Providing the population with the basic needs, and improving their standard of living;
2. Training national staff and developing the country's human resources;

3. Supporting the State's capabilities to mobilize national economic capabilities;
4. Formulating improved social and economic standards and creating suitable criteria to improve the efficiency, in the production and services sectors;
5. Distributing the services to all regions of the country; and,
6. Establishing the vocational training required for the development process.

II. Health

A. Objectives

1. Extending basic health and prevention services to cover the greatest number of inhabitants throughout the country;
2. Taking measures to prevent spread of contagious diseases, to combat endemic diseases and to provide better health care and prevention services in all areas;
3. Supplying all the necessary medicine and pharmaceutical products, and controlling their import and circulation; and,
4. Promoting health and nutrition education in co-ordination with the competent authorities.

B. Strategies and Measures

1. Reorganizing and developing the existing health centres to enable them to constitute a specialized entity providing health care and prevention medicine to the citizens;
2. Providing appropriate incentives to attract more students to the nursing institutions and health services;
3. Providing specialized training courses for health care workers and upgrading their capacities;
4. Improving hospital and health centres.

5. Ensuring that hospitals and health centres are open all day, to provide the utmost care in the field of health services;
6. Increasing the number of hospitals and health centres and providing them with necessary equipment to perform their duties suitably; and,
7. Providing medicine and pharmaceutical products at low prices to the population.

III. Culture and Information

A. Objectives

1. Enhancing the education and culture of the yemeni citizen in order to enable him to participate fully in the process of the country's development;
2. Informing the citizens of the importance of their country's ancient historical heritage, its civilization, its noble traditions and its potential for growth and development; and,
3. Attracting the citizens to such creative fields as writing, translating and participation in literary, scientific, artistic and musical activities.

B. Strategies and Measures

1. Developing the local cadres educationally, culturally, technically and vocationally through the development of existing local training centres, and educational scholarships;
2. Ensuring adequate radio and T.V. broadcasting coverage to all the regions of the country;
3. Highlighting on radio and T.V. programmes issues and solutions related to human beings and their problems;

4. Increasing the effectiveness of the audio-visual media and their use in the field of literacy campaigns and other useful educational programmes;
5. Continuous orientation to the information media and emphasizing their cultural and educational roles in vital matters such as health education and the environment;
6. Devoting greater attention to the development of tourism and increasing its resources; and,
7. Promotion of Yemeni folklore.

IV. Social Services and Labour

A. Objectives

1. Providing social welfare and training services to the handicapped to become productive elements participating in the process of development;
2. Extending the benefits of the labour laws and social security system, the health care and the family welfare schemes; and,
3. Promoting the welfare of women and encouraging them to participate in the country's economic activities.

B. Strategies and Measures

1. 1. Developing the Department of Social Affairs by providing it with qualified staff;
2. Review and adjustment of the labour laws in the light of the present circumstances of manpower requirements for development and production;
3. Strengthening the branches of the Social Affairs Services and exchange offices in the various governorates; and,
4. Optimal use of all vocational training centres and providing incentives to trainees.

V. Youth Care

A. Objectives

1. Developing the skills and potentials of children and youth through cultural, scientific and sporting activities;
2. Expanding activities of youth centres, youth clubs and camps and diversifying their programmes in the fields of culture and sports;
3. Forming competent and qualified trainers, guides and youth leaders to ensure their proficiency in the fields of youth activities and organizing sporting competitions and championships at the local and international levels; and,
4. Consolidating ties between all Yemenis and with the youth in other countries.

B. Strategies and Measures

1. Optimal utilization of the present youth institutions;
2. Encouraging all clubs to develop the character of youth;
3. Providing necessary playgrounds, stadiums, sports facilities, swimming pools and youth centres; and,
4. Preparing qualified leaders for various youth activities with the advise and expertise of Arab and international experts.

VI. Municipalities and Housing

A. Objectives

1. Working towards a sound and balanced urban development;
2. Safeguarding the cleanliness of towns and cities and spreading a sense of sanitary awareness among the inhabitants;
3. Increasing the planting of trees in the cities;

4. Developing the necessary means to establish house-ownership, registration and to facilitate identifying streets and houses; and,
5. Expansion and upgrading of housing programmes, strengthening the resources of the Housing Bank.

B. Strategies and Measures

1. Preparing master plans for the main cities to ensure the provision of adequate services;
2. Expanding and strengthening the sanitation and street cleaning systems. Developing parks and gardens, public toilets and ensuring their appropriate maintenance;
3. Applying strict laws for building and urban planning;
4. Establishing a modern system for real estates registration, and numbering streets and houses;
5. Encouraging and supporting local personnel and utilizing the experience of foreign expertise in the formation of local capabilities;
6. Co-operating with the Ministries of Agriculture and Waqf (religious endowments) in developing markets, slaughterhouses, parks and gardens; and,
7. Expanding housing programmes and ensuring their efficiency.

VII. Public Administration

A. Objectives

1. Strengthening, reorganizing and developing public administration on a scientific and practical manner;
2. Adopting the most up-to-date planning methods and modern techniques of control, evaluation and data collection;

3. Developing administrative personnel through training and upgrading of their skills in order to improve the efficiency of all civil servants; and,
4. Increasing government revenues and rationalizing government expenditures.

B. Strategies and Measures

1. Review of the organizational and administrative structure to provide adequate services to the citizens;
2. Introducing the system of job classification and specifications;
3. Upgrading the capacities and qualifications of civil servants;
4. Strengthening the administrative training institutions;
5. Completing the establishment of planning, follow-up units and statistics in all government agencies and institutions and implementation of the computer project;
6. Upgrading the tax-collecting services, and improving the tax structure to ensure the greatest possible returns to the Treasury; and,
7. Improving the budgetary system, the fiscal control and the State's methods of public accountancy and auditing.

VIII. Local Government, the Judiciary and Security Services

Objectives

1. Modernizing the judiciary apparatus, improving its procedures and efficiency;
2. Developing and strengthening the local government system to enable it to cope with requirements of all regions; and,
3. Developing and improving the efficiency of security services, expanding their geographical scope, and promoting security-awareness among the citizens.

IX. Waqf (Religious Endowments)

Objectives

1. Preserving the Islamic by renovating the mosques of historic value, improving the sanitary conditions in the mosques; providing graves in locations which are consistent with urban expansion and town-planning, and maintenance of the present graveyards; and,
2. Working towards an optimal use of all Waqf (religious endowments) property, agricultural lands and various real estates. Improving the collection of Waqf revenues, expanding its services and increasing its resources and investments.

CHAPTER III

GENERAL FRAMEWORK OF THE FIVE-YEAR PLAN

I. INTRODUCTION

Chapter I of this document presents a brief evaluation of the First Five-Year Plan 1975/77-1980/81. It reviews the overall performance of the economy and analyses past and future trends.

Chapter II deals with general objective and strategies of the Plan. It reviews the expected potentials and resources which form the basis for the work of the Plan. This framework is discussed in the present Chapter.

II. THE QUANTITATIVE OBJECTIVES

A. GROSS DOMESTIC PRODUCT

During the First Five-Year Plan, the economy achieved a fairly stable rate of growth in real terms. Real GDP grew at an average annual rate of about 6 percent. Basic social and economic institutions were established and substantial social and physical improvements developed.

Table I shows the volume of Gross Domestic Product during the base year 1961, and in the last year of the Plan, 1986. It also gives the average annual growth rates of the various sectors. Gross Domestic Product is expected to grow in real terms at an annual average rate of 7%, rising from 12,949 million Rials in the base year, to 18,162 million Rials by the end of the Plan. The target is to strike a balance between increased production and satisfaction of the people's basic needs.

B. AVERAGE GROWTH RATES BY SECTOR

The following sections provide analysis of the average growth rates by sector and their planned development during the Second Plan.

1. Agricultural Sector

Table I shows that the Sector of Agriculture, Water Resources and Fisheries is and will remain the backbone of the economy. This Sector contributes 28.4% to the Gross Domestic Product during the base year, and 25.7% in the final year. This Sector presently employs more than 70% of the country's total labour force.

Although these proportions are decreasing due to the growth of other sectors' contribution to GDP, the real value of agricultural production will grow at a rate of 4.8% annually. Despite the extremely low rate achieved in the past five years, this rate is considered feasible in view of the real, known potentialities of the Sector.

In addition to the horizontal expansion which will be achieved by improving irrigation networks and methods, the main emphasis will be on achieving a vertical expansion through increasing productivity of existing cultivated land.

Therefore, greater emphasis will be placed on the use of modern technologies such as improved seeds, fertilizers, mechanization, etc. To achieve this, it is necessary to intensify agricultural research, set up extension services, and increase the use of credits provided by the Agricultural Credit and Co-operative Bank to finance the necessary investments. The Plan also aims at upgrading the present pattern of land use, animal husbandry and fishing, and providing incentives to farmers to increase agricultural production.

TABLE 1

Average Rate of Growth of Gross Domestic Product, by economic activity
(At 1981 market prices)

(in Million Riols)

Economic Activity	1981	1986	Annual Growth Rate %	Change in Structure	
				1981	1986
Agriculture, Forestry & Fisheries	3690	4665	4.8	28.5	25.7
Mining and Quarries	156	275	12.0	1.2	1.5
Manufac. Industries	770	1515	14.5	6.0	8.3
Electricity and Water	89	272	25.0	0.7	1.5
Construction & Building	1139	1260	2.0	8.8	6.9
Wholesale and Retail Trade	2124	2852	6.0	16.4	15.7
Catering Services & Hotels	139	200	7.5	1.1	1.1
Transport & Communications	483	648	6.0	3.7	3.6
Financial Institutions	1013	1495	8.1	7.8	8.3
Housing & Real Estate Serv.	552	760	6.5	4.3	4.2
Personal & Social Services	135	199	8.1	1.0	1.1
	10290	14141	6.5	79.5	77.9
Less: Imputed Bank Services Charge	-889	-1348	8.7	6.9	7.5
TOTAL Business Sector	9401	12793	6.3	72.6	70.4
Government Services	1907	2935	9.0	14.7	16.2
Private Non-Profit Organizations	24	36	8.5	0.2	0.2
Customs Duties	1617	2398	8.2	12.5	13.2
Gross Domestic Product	12949	18162	7.0	100.0	100.0

2. Mining Sector

The objective is to achieve 12% annual increase in the mining sector's production. This rate is not too high, given the urgent need to create a strong production base. It is to be noted that all estimates of production growth in the Mining Sector relate only to traditional activities such as quarries, stone kilns, and salt mines. So far they do not include the results that may be achieved from exploration and prospecting for minerals and oils. During the period of the Second Plan, exploration and prospecting for minerals and oil will receive greater attention.

3. The Manufacturing Sector

Manufacturing is expected to grow at a rate of 14.5% annually. The production will increase from 770 million Rials in the base year to 1,515 million Rials by the last year of the Plan. This will lead to its contribution to the consolidation of the production base within the economy.

There is no doubt that the development of the Agricultural and Mining Sectors will provide the Manufacturing Sector with the efforts to increase production in the raw materials needed to produce more consumer goods for local markets, and thereby help to reduce the growing deficit in the country's balance of trade. Furthermore, the requirements of the Agricultural Sector for local industrial products such as fertilizers and insecticides, open a new field for industrialization, the feasibility of which should further be studied in the coming years.

4. Electricity and Water Sector

The Sector of Electricity and Water is planned to achieve 25% annual growth rate, which is the highest of all sectors. This is due to the fact that its present contribution to GDP is still low and high growth rate in this Sector both satisfy the basic needs of the people and provide the basis for future development.

5. Construction Sector

Table I also shows that the share of the Construction Sector, represented by Public, Private and Foreign Contracting companies, in GDP will grow at an annual rate of 2%. This will be in response to the planned increase of investments, of 0.8% annually. This Sector has achieved considerable progress during the past period, due to the efforts of creating basic infrastructure and to the great building boom.

The relatively low rate of growth expected for this Sector is due to the fact that the major part of investment during the Second Plan is directed towards providing the necessary implements, tools, equipment and machinery needed for the activity of this Sector and that a small part will be directed to new buildings and other construction works except for the housing sector.

6. Trade Sector

This Sector includes both foreign and domestic trade, and is comprised of both wholesale and retail trade. The Sector has developed tremendously during the recent period, contributing, approximately 2.1 billion Yemeni Rials to the GDP in the base year.

The growth of the Trade Sector is expected to slow down during the Second Plan period, with an average annual growth rate of 5%, whereas the contribution of the Catering (restaurants and hotels) Sector to GDP is expected to increase by 7.5% annually.

7. Transport and Communications Sector

This Sector covers all transport components, i.e., land transport of goods and passengers between the cities and regions of the country, and urban transport within the cities, in addition to sea and air transport. It also includes the different means of communications inside the country, inter-city, and with the world at large, postal services, telephones, etc.

During the First Plan, this Sector was given great importance : Its contribution to GDP reached half a billion Rials. For the period of the Second Plan, it is expected to achieve a growth rate of 6% annually.

8. Financial Sector

The Financial and Banking Sector achieved considerable progress during the last decade. Its contribution to GDP attained about one billion Rials, during the base year 1981. Its average annual growth rate/envisaged to be 8.1 % during the period of the Second Plan, and is expected to reach 1.5 billion Rials in 1996. This will be achieved through an expansion of banking facilities to the rural areas, and increased credit facilities for development of agriculture, trade, industry and real estate and by directing funds to productive projects.

9. Housing and Real Estate Services Sector

This Sector is planned to attain a growth rate of 6.5% annually in keeping with the constant expansion of the volume of investment in Housing and the increase in Real Estate Services.

10. Government Services Sector

The growth rate of this Sector is estimated at 9% annually. This relatively high rate is necessary because of the planned expansion of all government services such as Education, Health, Culture, Justice, Social Services, etc. In addition, it has to meet the requirements of building up the State's administrative and institutional infrastructure.

11. Other Services

This category includes personal services and non-profit non-government services. There are not very many of these and they are of minimal importance, contributing only 159 million Rials

in the base year, because the State has assumed the responsibility of providing the greater part of public and social services. The estimated growth rate for this Sector is 6.1% annually for the individual services and 8.5% for private non-profit organizations.

12. Customs Duties

This item includes not indirect taxes, of which customs duties constitute the main component. It also represents the greater portion of government revenues. Although the revenue from customs duties declined slightly during the base year, it is estimated that its contribution to GDI will grow by 6.2% annually during the Second Plan.

C. SECTORAL CONTRIBUTIONS TO THE GROSS DOMESTIC PRODUCT

From the foregoing Chapter, it appears that a structural change in the national economy, in favour of the goods-producing sectors, is a matter of the utmost urgency. However, this cannot be attained within the period of any single five-year plan. Furthermore, the concentration on the productive sectors does not diminish the importance of the other sectors, due to their links with goods-production on one hand (such as transport, trade and financial institutions), and with the basic needs of the great majority of the people, on the other hand. According to the Plan these sectors will develop at a reasonable growth rate, thus achieving linkages and balance between the various sectors of the economy.

Table I shows the change in the relative importance of each sector.

Due to the growth of other sectors in the course of the First Plan, the contribution of the Agricultural Sector to GDI is expected to fall from 21.5% in the base year to 25.7% in the last year, in spite of the increase in its absolute value. Similarly, the Industrial Sector is not expected to make a qualitative leap forward in its contribution to the GDI. Consequently, the relative increase in the Industrial Sector's contribution (including Mining, Manufacturing, Electricity and Water),

which will be 3.4%, will be nearly absorbed by a decline in the growth of the Agricultural Sector, 2.8%, thus leaving a small proportion of 0.6% to be attributed to the goods sectors.

This situation is mainly due to the fact that the production sectors' relatively large contribution stemmed originally from the Agricultural Sector's total domination in the national economy, and from the country's acute shortage of services.

With the growth of these activities which constitute a basic prerequisite for any subsequent development, the relative contribution of the Agricultural Sector declined and, consequently, that of the Production Sector. This also confirms the necessity to move forward in establishing the basic infrastructure and manpower development facilities such as education and training.

In line with the above concepts, the Plan will emphasize the following areas:

- Implementing numerous irrigation projects; raising the productivity of agricultural land and maximizing the crop output through the use of modern technology and intensifying research efforts;
- Intensifying prospecting for mineral resources;
- Placing greater attention on education, technical and vocational training, in order to provide the economy with the required skills and specialization.

D. PER CAPITA INCOME CONSUMPTION AND STANDARD OF LIVING

Per capita income is one of the main indicators for assessing the extent of the country's development and the effectiveness of its developmental efforts.

The following table (Table II) shows the average per capita share in both the Gross Domestic Product, and Gross National Products, over the period of the Plan 1982-1986, starting from the base year, 1981.

TABLE II

Average Per Capita Income
(At 1981 Constant Prices)

I t e m	Unit	Base Year 1981	Years of the Second Five-Year Plan					Average Annual Rate of Growth%
			1982	1983	1984	1985	1986	
Gross Domestic Product (market prices 1981)	Mil.Rials	12949	13855	14825	15863	16973	18162	7.0
Gross National Product (market prices 1981)	Mil.Rials	14874	15835	16750	17733	18788	19922	6.0
Net National Product (market prices 1981)	Mil.Rials	14551	15475	16350	17288	18298	19377	5.9
Resident Population	in Thousands	7251	7455	7664	7879	8100	8327	2.8
Per Capita GDP	In Rials	1786	1858	1934	2013	2095	2181	4.2
Per Capita GNP	In Rials	2051	2124	2186	2251	2320	2392	3.2
Per Capita Net NP	In Rials	2007	2076	2133	2194	2259	2327	3.1
Per Capita GDP	In US\$	397	413	430	447	466	485	4.2
Per Capita GNP	In US\$	456	472	486	500	516	532	3.2
Per Capita Net National Product	IN US\$	446	461	474	488	502	517	3.1

The per capita share of GDP will progressively rise from US\$397 in the base year to US\$485 in the last year of the Plan which represents an average annual growth rate of 4.2%. During the same period, per capita share of the GNP will rise from US\$456 in the base year to US\$532 in the last year, an average growth rate of 3.2% annually.

III. RESOURCES AND UTILIZATION

Table III shows the resources of the country, their utilization and their respective evolution throughout the period of the Plan. The resources are comprised of two main elements: Gross Domestic Product and imports of goods and services.

GDP is planned to achieve an annual growth rate of 7% on the average, rising from 12,949 million Rials in the base year, to 16,162 million Rials in the last year of the Plan, with an accumulated total of 79,670 million Rials over the period of the Plan.

Imports of goods and services will increase from 9,636 million Rials in the base year to 10,123 million Rials in the last year, at an annual growth rate of 1%, with an accumulated total of 49,647 million Rials. Thus, total resources will register an annual growth rate of 4.6% on the average, rising from 22,585 million Rials in the base year to 23,585 million Rials in 1986, forming an accumulated total during the Plan period of 129,325 million Rials.

Imports of goods and services will decline, in relative importance from 74.4% of GDP in the base year to 55.7% in the last year of the Plan. This indicates that the economy is moving to some extent from full dependence on imports through substituting imports by certain products of the domestic agricultural and manufacturing and rationalizing imports in favour of capital and intermediate goods. Fixed capital formation does not exceed the average of 0.6% annually - which is slightly below the growth of imports.

Utilization consist of three elements: Total consumption (both governmental and private), total fixed capital investment and changes

in the stock, in addition to exports of goods and services. Total consumption will increase by 5.0% annually, rising from 15,677 million Rials in the base year to 19,940 million Rials in 1986, with an accumulated total of 91,443 million Rials over the Plan period. Government consumption is expected to increase at a higher rate of 7.5% due to the need for expanding social services. Private consumption rate is expected to grow by 4.3% annually, thus exceeding the population growth rate and achieving an increase in real terms of about 1.4% annually.

From the same Table (III), it is noted that total consumption during the base year exceeded GDP by 21%. This deficit has been offset by net revenue from transfers from abroad as well as from external savings. However, it will be decreasing gradually and drop to 9.7% by 1986.

As a result, the average private consumption rate will also decline from 99.1% to 86.3% between the base year, and the last year. Average government consumption rate will be rising from 22.9% to 23.4%.

In order to achieve a balance between resources and utilization it is necessary to achieve the objectives related to the increase in the country's GNP, and to obtain external financial resources and to achieve a balanced distribution of resources between investment and consumption.

IV. INVESTMENT PROGRAMME

1. Needed Investments and GDP Average Growth Rates

In order to attain a 7% average annual growth rate in the Gross Domestic Product which is equal to 5,213 million Rials over the period of the Plan, approximately 29.3 billion Rials of investment will be needed, of which 28.1 billion Rials are investments in fixed assets, and 1.2 billion Rials to be invested in increasing domestic inventory corresponding to increase in working capitals.

TABLE III

Resources and Uses
(At 1981 constant Market Prices)

(In Million Riials)

Items	Base Year	Years of the Second Plan					Average Annual Rate of Growth %
		1981	1982	1983	1984	1985	
<u>RESOURCES</u>							
Gross Domestic Product	12949	13855	14825	15863	16773	18162	7.0
Imports of Goods and Services	9639	9733	9831	9930	10030	10123	1.0
TOTAL RESOURCES	22585	23588	23656	25793	27003	28285	4.6
<u>USES</u>							
Private Final Consumption Expenditure	12707	13469	13995	14516	15076	15678	4.3
Government Final Consumption Expenditure	2970	3225	3480	3740	4002	4262	7.5
TOTAL Consumption	15677	16694	17475	18256	19078	19940	5.0
Gross Fixed Capital Formation	5600	5410	5495	5610	5738	5847	0.8
Changes in Stocks	178	194	216	232	252	298	10.8
TOTAL Capital Formation	5778	5604	5711	5842	5990	6145	1.2
Exports of Goods and Services	1130	1290	1470	1695	1935	2200	14.3
TOTAL USES	22585	23588	24656	25793	27003	28285	4.6
Negative Savings from Gross Domestic Product	-2728	-2839	-2650	-2393	-2105	-1778	-
National Savings	2788	2116	2300	2727	3135	3557	-
Balance of Payments Deficit	-2990	-4388	-3411	-3115	-2655	-2588	-

TABLE III (Continued)

Resources and Uses in the Second Five-Year Plan (1982-86)
(As a Percentage of GDP)

Items	Base Year	Years of the Second Plan					Average Annual Rate of Growth %
		1982	1983	1984	1985	1986	
Private Final Consumption Expenditure	98.1	98.1	94.4	91.5	88.8	86.3	-
Government Final Consumption Expenditure	22.9	23.3	23.5	23.6	23.6	23.4	-
Total Final Consumption Expenditure	121.0	120.5	117.9	115.1	112.4	109.7	-
Gross Fixed Capital Formation	43.2	39.0	37.1	35.4	33.8	32.2	-
Change in Stocks	1.4	1.4	1.4	1.4	1.5	1.7	-
Gross Capital Formation	44.6	40.4	38.5	36.8	35.3	33.9	-
Exports of Goods and Services	8.6	9.3	9.9	10.7	11.4	12.1	-
Imports of Goods and Services	74.4	70.3	66.3	62.6	59.1	55.7	-
Negative Savings from Gross Domestic Product	-21.0	-20.5	-17.9	-15.1	-12.4	-9.7	-
Gross National Savings	21.5	15.3	15.5	17.2	18.5	19.6	-
Deficit in the Balances of Payments	-23.1	-25.2	-23.0	-19.6	-16.8	-14.2	-

1. Allocation of Investments to Economic Sectors

Table IV shows the volume of investments in fixed assets distributed by the various sectors of the economy and by source of investment, which reflect the structural changes anticipated in the national economy.

In order to determine the share of each sector of overall investments, the following marginal capital coefficient were used in addition to the analysis of the main projects to be included in the Plan:

<u>Sector</u>	<u>Marginal Capital Coefficient</u>
Agriculture, Forestry, Fisheries	4.5
Mining and Quarrying	7.6
Manufacturing	4.7
Electricity and Water	12.8
Construction	5.3
Trade and Catering Services	3.6
Transport and Communications	23.1
Financial Institutions	0.2
Housing and Real Estate Services	18.0
Government Services	4.5
Other Services	3.6

Gross Domestic Product	5.4
	===

Table IV shows the sectors which have enjoyed the greater portion of capital investments. These are: Government services, transport and communications (16.5% each of total fixed capital investments) and agriculture (15.8%). Important differences will be noted in the distribution of investments in fixed assets, compared to investments realized during the First Plan. Thus, the agricultural sector received particular attention, with 15.8% of the total investments against 7.5% only during the First Plan.

TABLE IV

Volume & Distribution of Gross Planned Fixed Capital Formation in the SFYP (1982-1986)
(At 1981 market prices)

(in million rials)

Economic Activities	Public & Mixed Sector	Private Sector	Total	Distribution of Gross Fixed Capital Formation			Distr. Pub. & Mixed Sectors %	Distr. Private Sector %
				M & P %	Priv. %	Total %		
Agriculture, Forestry & Fisheries	3075.0	1355.0	4430.0	11.0	4.8	15.8	16.6	14.2
Mining and Quarrying	677.0	228.0	905.0	2.4	0.6	3.2	3.6	2.4
Manufacturing	2404.6	1105.4	3510.0	8.6	3.9	12.5	13.0	11.6
Electricity and Water	2293.2	46.8	2340.0	8.1	0.2	8.3	12.4	0.5
Construction	320.0	320.0	640.0	1.2	1.1	2.3	1.7	3.3
Trade, Catering Services and Hotels	864.1	2005.9	2870.0	3.1	7.1	10.2	4.7	21.0
Transport and Communications	3949.0	691.0	4640.0	14.0	2.5	16.5	21.3	7.2
Financial Institutions	50.0	50.0	100.0	0.2	0.2	0.4	0.3	0.5
Housing and Real Estate Services	260.0	3485.0	3745.0	0.9	12.4	13.3	1.4	36.5
Government Services	4650.0	0.0	4650.0	16.5	0.0	16.5	25.0	0.0
Other Services	0.0	270.0	270.0	0.0	1.0	1.0	0.0	2.8
TOTAL	18542.9	9557.1	28100.0	66.0	34.0	100.0	100.0	100.0

The public and the private sectors will be carrying out 73.3% and 26.7% of these investments respectively. The private sector will be aiming at acquiring equipment and implements and developing farms, whereas the public sector will concentrate on irrigation schemes, agricultural research and extension, and carrying out programmes of land reclamation.

The share of the mining sector in investments rose from 1.1% during the First Plan to 3.2% in the Second Plan of which about 75% will be undertaken by the public sector, which will include exploration and prospecting for minerals. The private sector's role has been confined to traditional branches (mining and quarrying).

It is noted that government services have received increased attention in the Plan which earmarked 16.5% of capital investments in the total fixed assets for this sector. The major part of these investments will be spent on education, training and health, cultural and other social programmes.

On the other hand, the share of housing is lower in this Plan than it was under the First Plan. However, the amount allocated to this sector is considered adequate for the period in question.

In spite of the fact that the share of transport and communications in investments under the present Plan is lower than in the First Plan, this sector still occupies first place in expenditure on government services, with 16.5% of the total investments.

3. Financing Expenditure

A. Balance of Investments and Savings

The following Table (V) shows the evolution of overall national savings over the period of the Plan, compared with the investments required by the Plan. It also outlines the role of external sources of financing in bridging the gap between investment and savings.

TABLE V

Gross National Savings and Investments During the Plan Period

I t e m	(In Million Riials)						Total Plan	Ratio (%)
	1982	1983	1984	1985	1986			
<u>FINANCING OF GROSS CAPITAL FORMATION</u>								
Negative Savings from Gross Domestic Product	-2839	-2650	-2393	-2105	-1778	-11760	-40.2	
Net Current Transfers & Income Factors from Abroad	4955	4950	5120	5240	5335	25600	87.4	
Gross National Savings	2116	2300	2727	3135	3557	13835	47.2	
Capital Transfers from Abroad	50	75	100	125	150	500	1.7	
Drawings on Foreign Loans	2700	2700	2700	2700	2700	13500	46.1	
Direct Foreign Private Investments	250	250	300	350	350	1500	5.1	
TOTAL	5116	5325	5827	6310	6757	29335	100.1	
Drawings on Reserve	488	366	15	-320	-612	-43	-0.1	
Financing of Gross Capital Formation	5604	5711	5842	5990	6145	29292	100.0	
- Government						18543	66.0	
- Private						9557	34.0	
TOTAL CAPITAL FORMATION	5604	5711	5842	5990	6145	29292	100.0	

The total national savings during the base year were estimated at 2,700 million Rials in spite of the negative savings in GDP - (2,720 million Rials) which represent 21.5% and 21.0% of GDP respectively. The current transfers from abroad and the returns from external revenues have offset the difference which is 5,516 million Rials during the base year. This illustrates the inability of the national economy to meet the required investments and demonstrate dependence on foreign resources to finance a substantial part of consumption. The negative savings situation is likely to continue during the whole period of the plan, but will decline in absolute and relative terms to 1,770 million Rials in 1986, or 9.7% of the GDP.

The plan has estimated the volume of the total fixed capital investments at 28,100 million Rials, in addition to the planned increase in the stock which is 1,192 million Rials. Thus, the value of planned gross capital formation will attain 29,292 million Rials, of which the fixed capital investments will constitute 96%.

The following shows the sources of financing for the Plan's investments and their respective contribution to this end:

<u>Source of Finncin</u>	<u>Value (in million Rials)</u>	<u>Percent of Total</u>
Total National Savings	13,835	47.2
Factor Income from abroad	500	1.7
Drawings on External Loans	13,500	46.1
Direct, Private Foreign Investment	1,500	5.1
Drawings on Reserves	43	0.1
<u>Total Sources of Finncin</u>	<u>29,292</u>	<u>100.0</u>

It can be noted that the gross national savings provides 47.2 % of all financing, followed by external loans with 46.1%. However, the foreign inflows constitute about 52.9% of the total financing required. This is a high rate, especially if we take into account the components of national savings - including the current transfers and returns from factor income (25,600 million Rials). These latter sources are not reliable since they are subject to fluctuations in the labour markets of the neighbouring countries.

B. Financing Government Investments

Investments by the Government are financed from two sources : the surplus in the current budget and the external loans and grants. Under the prevailing fiscal legislation, government revenue is estimated to achieve an annual growth rate of 10.5%, rising from 3,545 million Rials in the base year, to 5,364 million Rials in 1986. In addition, the current external assistance is expected to reach a cumulative total of 5,500 million Rials during the Plan period.

The increase in government current revenues and the corresponding increase in its contribution to the GDP, can be seen in Table VI.

Table (VI) shows that tax revenues are expected to rise from 27.4% in the base year, to 32.3% in 1986.

TABLE VI

Government Revenues & Gross Domestic Product
(At 1981 Constant Prices)

Years	GDP	Government Revenues (in million Riols)		Ratio of Government Revenues to Gross Product %	
		Domestic Revenues	Domestic Revenues + Foreign Assist.	Domestic Revenues	Domestic Revenues + Foreign Assistance
1981	12949	3545	-	27.4	-
1982	13855	3916	4843	28.3	34.9
1983	14325	4267	5192	29.8	35.0
1984	15863	4702	5802	29.6	36.6
1985	16973	5244	6469	30.9	38.1
1986	18162	5864	7189	32.3	39.6

In spite of this growth in the real value of tax revenue and its ratio to the GDP, its proportion to the total current domestic revenues is seen to drop from 78.9% in the first year of the Plan, to 77.4% in the last year. This is due to the substantial increase expected in the other categories of revenue, the most important of which is the Government's share in profits and services revenue.

Table (VII) shows a detailed breakdown of current revenues and current expenditure, and Government savings (designated for investment). This rises from 1,193 million Rials in 1982 to 2,322 million Rials by 1985, with a cumulative total of 8,255 million Rials during the Plan period.

In order to finance government investments, (19,543 million Rials) external sources of financing are expected to contribute about 13,500 million Rials or 72.3% of the total investments planned. The remaining 5,043 million Rials, would be covered by government savings whereas the surplus from these savings will cover the deficit in the investments by the private sector, in the form of shares in specialized banks, and investment companies.

TABLE VII

Current Revenues & Expenditures & Savings in the Second Five-Year Plan (1982 - 1986)
(At 1981 prices)

I t e m	(In Million Rials)						Total of SFYP	Relative Importance%
	1982	1983	1984	1985	1986			
<u>CURRENT REVENUES</u>								
Revenues from Customs Duties	1900	1950	2085	2230	2398	10553	30.8	
Other Indirect Taxes	550	650	725	875	1025	3025	13.0	
TOTAL Indirect Taxes	2450	2600	2810	3105	3423	14388	48.8	
Direct Income Taxes	405	475	550	630	730	2790	9.5	
Other Direct Taxes	235	265	300	340	390	1530	5.2	
TOTAL Direct Taxes	640	740	850	970	1120	4320	14.7	
Dues and Fines	90	110	130	155	190	675	2.3	
Revenues from Services	175	210	255	300	350	1290	4.4	
Government Revenues from Profits' Surplus	500	525	550	575	600	2750	9.3	
Real Estate & Transferable Funds Revenues	63	82	107	139	181	572	1.9	
TOTAL INCOME FROM PROPERTY	563	607	657	714	781	3322	11.2	
TOTAL DOMESTIC CURRENT REVENUES	3918	4267	4702	5244	5864	23995	81.4	
Current Foreign Assistance	925	925	1100	1225	1325	5500	18.6	
TOTAL CURRENT REVENUES	4843	5192	5802	6469	7189	29495	100.0	

TABLE VII

Current Revenues & Expenditures & Savings in the Second Five-Year Plan (1982 - 1986)
(At 1981 prices)

I t e m	(In Million Riels)						Total of SFYP	Relative Importance%
	1982	1983	1984	1985	1986			
<u>CURRENT REVENUES</u>								
Revenues from Customs Duties	1900	1950	2085	2230	2398	10563	30.8	
Other Indirect Taxes	550	650	725	875	1025	3625	13.0	
TOTAL Indirect Taxes	2450	2600	2810	3105	3423	14388	43.8	
Direct Income Taxes	405	475	550	630	730	2790	9.5	
Other Direct Taxes	235	265	300	340	390	1530	5.2	
TOTAL Direct Taxes	640	740	850	970	1120	4320	14.7	
Dues and Fines	90	110	130	155	190	675	2.3	
Revenues from Services	175	210	255	300	350	1290	4.4	
Government Revenues from Profits' Surplus	500	525	550	575	600	2750	9.3	
Real Estate & Transferable Funds Revenues	63	82	107	139	181	572	1.9	
TOTAL INCOME FROM PROPERTY	563	607	657	714	781	3322	11.2	
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Current Foreign Assistance	925	925	1100	1225	1325	5500	18.6	
TOTAL CURRENT REVENUES	4843	5192	5802	6469	7189	29495	100.0	

TABLE VII (Continued)

Current Revenues & Expenditures & Savings in the Second Five-Year Plan (1982 - 1986)
(at 1981 prices)

I t e m	(In Million Rials)						Total of SFYP	Ratio %
	1982	1983	1984	1985	1986			
<u>CURRENT EXPENDITURES</u>								
Government Final Consumption Expendi.	3225	3480	3740	4002	4262	18709	88.1	
Government Sales of Goods and Services	70	84	102	120	140	516	2.4	
Current Transfers	250	265	275	300	325	1415	6.7	
Other Transfers	100	110	120	130	140	600	2.8	
TOTAL CURRENT EXPENDITURES	3645	3939	4237	4552	4867	21240	100.0	
Government Savings	1198	1253	1565	1917	2322	8255	-	

V. BALANCE OF PAYMENTS

The evaluation of the First Five-Year Plan reveals that the Y.A.R.'s economy has become highly dependent on external economic relations.

This has led to a deficit in the balance of trade and consequently in the balance of payments. This deficit in the current account was estimated at 2,990 million Rials in the base year. The Plan aims at reducing this deficit to 2,583 million Rials in 1966, thus bringing the accumulated deficit during the period of the Second Plan to 15,457 million Rials (Table VIII).

The Plan aims to finance the current deficit in the balance of payments from drawings on foreign loans to an extent of 13,500 million Rials, and from direct private investment to an extent of 1,500 million Rials. This would lead to the formation of a surplus to replenish foreign currency reserves.

The Plan also provides for an increase in the net current transfers and factor income by 1.8% annually. It will rise from 4,495 million Rials in 1962, to 5,335 million Rials in 1966. The transfers by Yemeni workers from abroad constitute the basic component of this category of revenue. They alone represent 75% of all current transfers from abroad.

The Plan aims at reducing the deficit in the balance of trade by an average 1.6% annually. The deficit should gradually fall over the Plan period from 8,443 million Rials in 1962 to 5,723 million Rials in 1966.

In spite of forecasts of a slight increase in the volume of imports (1% annually), rising from 7,808 million Rials in the base year to 8,265 million Rials in 1966, the Plan aims at restructuring imports. Its goal is to increase the proportion of capital goods from 19.8% to 21% in 1961 and 1966 respectively, and of intermediate commodities from 29.7% to 39%, while decreasing consumer goods from about 50.5% in 1961 to 40.6% in 1966. These are expected to decline both in absolute and relative terms as a result of import substitution.

TABLE VIII

Balance of Payments in the Second Five-Year Plan (1982 - 1986)
(At 1981 prices)

Item	(in million Riels)						Total for SFYP
	1982	1983	1984	1985	1986		
<u>CURRENT ACCOUNT - BALANCE OF TRADE</u>							
Exports of Goods	75	100	150	200	250	775	
Less: Imports of Goods	7947	8027	8108	8190	8265	40537	
Trade Balance	-7872	-7927	-7958	-7990	-8015	-39762	
<u>BALANCE OF SERVICES</u>							
Export of Services	1215	1370	1545	1735	1950	7815	
Less: Imports of Services	1786	1804	1822	1840	1858	9110	
Balance of Services	-671	-434	-277	-105	92	-1295	
Balance of Trade and Services	-8443	-8361	-8235	-8095	-7923	-41057	
<u>CURRENT TRANSFERS AND INCOME FACTORS</u>							
Received Private Transfers	4450	4475	4500	4525	4550	22500	
Received Official Cash Transfers	850	850	1000	1100	1200	5000	
Received Official Material Transfers	75	75	100	125	125	500	
Paid Returns on Investments	500	540	400	350	300	2000	
Total of Received Transfers and Returns	5875	5850	6000	6100	6175	30070	
Less: Paid Private Transfers	850	825	800	775	750	4000	
Paid Returns on Investments	70	75	80	85	90	400	
TOTAL of Paid Returns and Transfers	920	900	880	860	840	4400	
Balance of Current Transfers & Income Factors	4955	4950	5120	5240	5320	25600	
BALANCE OF CURRENT ACCOUNT	-3488	-3411	-3115	-2855	-2588	-15457	

TABLE VIII (Continued)

Balance of Payments in the Second Five-Year Plan (1982 - 1986)
(At 1981 prices)

Item	1982	1983	1984	1985	1986	Total for SFYP
<u>CAPITAL ACCOUNT</u>						
Received Capital Transfers	50	75	100	125	150	500
Drawings on Loans	2700	2700	2700	2700	2700	13500
Direct Private Investments	250	250	300	350	350	1500
<u>BALANCE OF CAPITAL ACCOUNT</u>	3000	3025	3100	3175	3200	15500
<u>CHANGES IN STOCK</u>	488	386	15	-320	-612	-43

VI. MANPOWER

INTRODUCTION

Great efforts are being made to develop the Yemeni citizen, who is both the target and the means of development, and to provide him with education, training, health care and cultural and other services. The aim is to improve the quality of life for the people and to increase their capacity for work and production and to raise their per capita income. In a country that has limited natural endowments, human resources assume even greater importance.

Among the most crucial problems which hindered the implementation of the nation's Three-Year Plan, then its First Five-Year Plan, was the critical scarcity of technical and specialized skills and the acute shortage of administrative and professional capabilities. This has caused dependence on foreign skills and specializations for the implementation of development projects and has resulted, among other things, to an increase in the cost over original estimates and in underutilization of capacities.

In the coming Plan, the strategy gives priority to expanding education, eradicating illiteracy, expanding vocational training and providing health and social services. Thus, the Second Five-Year Plan will strive to achieve the three following main objectives with regard to manpower:

1. Attaining an optimal productive, complete and remunerative utilization of manpower ;
2. Meeting the ^{Plan's} manpower requirements, qualitatively and quantitatively;
3. Reducing the country's reliance on non-Yemeni labour.

Numerical Data on the Labour Force Between 1975-1981

1. The Size of the Labour Force and Participation by Nationals in the Various Economic Activities

In 1975, the labour force was around 1.1 million, which represented 25.1% of the total resident population. The raw participation rate for males, was 40.4%, while the percentage of females in the labour

force was only 5.6% of the total number of females working age. The relative proportion of males and females in total labour force was 67% and 12% respectively.

In 1979, the results of a sample survey showed that the labour force constituted 20.5% of the total resident population. This survey further pointed to the fact that the ratio of raw participation rate was on the decline. This was due to improved enrollment in schools and various institutes, following the expansion of educational facilities in all parts of the country. The available data also shows that the volume of the labour force in 1981 was 1,201,600 workers, an increase of 9.2% over 1975.

2. Evolution in Volume of Manpower and Distribution over the Various Branches of Economic Activity

Between 1975 (the first population census) and 1981 (the base year), the labour force increased in number from 1,100,400 workers to 1,201,600, i.e., an increase of 9.2%, representing an annual growth rate of 1.6%. There was also an evolution in the distribution of the labour force among the various fields of employment, as can be seen from Table (IX).

TABLE IX

Distribution of Labour Force by Economic Activities from 1975 - '81

Economic Activity	1975	%	1986	%
Agriculture, Livestock and Fisheries	830400	75.5	830400	69.1
Quarries and Mines	600	-	1300	0.1
Manufacturing	33900	3.1	52900	4.4
Electricity and Water	1500	0.1	3900	0.3
Construction	52500	4.8	72000	6.0
Trade, Hotels and Catering	69000	6.3	71100	5.9
Transport and Communications	24700	2.2	31600	2.6
Finance, Insurance and Real Estate	2000	0.2	4500	0.4
Public Administration and Services	85800	7.8	133900	11.2
TOTAL	1100400	100.0	1201600	100.0

The Table indicates that, agriculture was, and still remains, the principal employer. 75.5% of the total labour force in 1975 worked in agriculture. This rate declined to 69.1% in 1981. Next comes the sector of public administration and services, which registered a rise from 7.1% of the total labour force in 1975, to 11.2% in 1981. The third place is occupied by construction, with a rise from 4.4% in 1975, to 6.0% in 1981 of the total labour force, following a boom in construction. In this respect, it took the place of the sector of trade and catering services, which employed 6.2% of the labour force in 1975, and only 5.9% in 1981. The relative importance of employment in manufacturing, transport and communications, electricity and water, finance, insurance and real estate increased between 1975 and 1981. These sectors provided increased opportunities of employment, following their rapid economic development. This trend is expected to continue during the Second Five-Year Plan, whereas the relative importance of the agricultural sector in creating new jobs will decline, especially in view of the prevailing trends to mechanization in agriculture and irrigation. Most other sectors, besides agriculture, will record a relative rise in their annual growth rates during the coming years.

In view of i) the planned growth rates for the GDP at factor cost in the national economy during the period of the Second Plan, ii) the expected improvement in productivity as a result of larger volumes of investment in all sectors, iii) the optimal exploitation of unutilized or underutilized productive capacities, and iv) a marked expansion in education and training of the national labour force in various fields, it is estimated that job opportunities will rise from 1,201,600 in 1981 to 1,356,000 by 1986. Table (X) shows the distribution of these employment opportunities among the various sectors of the national economy. The Table indicates that in spite of an increase in job opportunities in the agricultural sector during the period of the Plan (1982-1986) in order to satisfy the growing needs for fruits, vegetables, cotton and other crops of intensive use, besides the requirements for an expansion

in livestock production, the share of labour in agriculture will decline from 59.4% of the total labour force for 1961, to 53.9% by 1986. The rate of employment will rise in industry, electricity and water, trade, transport, administrative and government services, as well as non-government services, in comparison with the rates in 1961. The average annual growth rates of productivity will improve, especially in the goods sector: agriculture, mining, manufacturing, electricity and water, in the manner shown in Table(X). This will allow an increase in wages and salaries, commensurate with the increased productivity during the period of the Plan. The share of employment in the sector of public administration and government and non-government services will increase with the planned expansion in education, health, cultural and other services provided by the Government.

TABLE X

Job Opportunities available in the Base Year 1981 and the Final Year of the Plan (1986) Distributed by Economic Activities

Economic Activity	Base Year 1981		Annual Increase in Work Productivity %	Year 1986		Structure of Employment	
	GDP	Job Opportu.		GDP	Job Opportu.	1981	1982
Agriculture	3690	830.4	3.9	4665	866.7	69.1	63.9
Mining	156	1.3	3.8	275	11.9	0.9	0.1
Manufacturing	770	52.9	5.0	1515	81.6	4.4	6.0
Electricity and Water	89	3.9	11.1	272	7.0	0.3	0.5
Construction	1139	72.0	0.4	1260	78.0	6.0	5.6
Trade, Hotels and Catering	2263	71.1	2.2	3052	85.9	5.9	6.3
Transport and Communications	483	31.6	2.1	648	36.2	2.6	2.8
Finance, Insurance and Real Estate	1565	4.5	1.6	1255	6.0	0.4	0.4
Public Administration and Services	2066	133.9	1.5	3150	190.7	11.2	14.1
TOTAL	12221	1201.6	4.7	17052	1356.0	100.0	99.8

3. Manpower Supply Forecast for the Period of the Plan

Estimates of anticipated supply of additional manpower during the period of the Second Plan have shown that about 57,000 workers come into the labour market for the first time every year. Of these, 1,225 hold university degrees and work in the professional category. This number constitutes about 2.1% of the total expected additional supply. This additional labour force will be drawn from foreign universities as well as from Sana'a University.

Supply of technicians will be in the order of 4,364 or about 1.5% of the total expected additional supply of manpower. While this number is low in relation to the demand by the labour market for manpower, it is considered positive in view of the fact that trained technicians are graduates of a level of education between the end of the secondary school and the university. This is one level of training which the State is striving to increase. A third category comprises graduates from the secondary school and those who completed intermediate education and finished their specialized vocational training courses. Expected additional supply is estimated at 12,725 during the Plan period, or 4.5% of the total number of new entrants to the labour force during the Plan period.

The fourth category comprises those who have completed intermediate education or primary with vocational training. Their numbers are estimated at 4,712 workers, a ratio of 1.7% of the total number of new entrants to the labour force during the Plan period. Their decreased number reflects the tendency of students in the regular intermediate classes to complete this stage, and to enroll in the secondary cycle, then in university. The fifth category represents those who have completed the primary cycle, and those who have not enrolled in any educational institution. It numbers about 260,000 persons and constitutes the greater majority of the additional supply of manpower. The rise in this number is mainly due to the increasing number of drop-outs from primary schools. Demand for this type of labour is estimated at about 44.0% of the total, and covers jobs that do not require educated manpower.

TABLE XI

Expected Supply in the Professional Categories, Distributed by Domestic and Foreign Sources

Professional Category	A-1	A-2	B-1	B-2	C-1	C-2	D	E	Total
<u>Source of Supply</u>									
Domestic	252	2687	1940	2424	8102	4633	4712	259525	284275
External	2643	541	-	-	-	-	-	-	3184
TOTAL	2895	3228	1940	2424	8102	4633	4712	259525	287459
Percentage of Domestic to External Supply %	9	83	-	-	-	-	-	-	99

4. Additional Demand for Manpower

It is estimated that additional demand for manpower will be in the order of 154,400 workers, between 1981 and 1986. The annual growth rate of the labour force during the Plan will be 2.4%.

The average annual growth^{rate} of the labour force in the sectors of the economy will be as follows: agriculture, animal husbandry and fishing 0.9%, mining 7.3%, manufacturing 9.1%, electricity and water 12.4%, construction 1.6%, public administration, government and non-government services, 7.3%. This latter percentage is much higher than the average for trade, transport and communications, finance and real estate, as can be noted from Table (XII). The Table shows that the additional demand for manpower, estimated at 154,400* jobs will be generated by the requirements of agricultural intensification which will absorb about 23.5%, by requirements of manufacturing (18.6%), of trade and catering services (9.5%), of the public administration and government and non-government services (36.5%), of transport and communications (4.3%), and of construction (3.9%). The rest, i.e., 3.4% is distributed among the sectors of electricity and water, finance and real estate and mining. (See Table XII).

*To the demand, we should add 108,000 as a result of turnover and 22,000 representing the foreign workers in 1981. Thus, the total demand becomes 284,136 in 1986.

TABLE XII

Additional Demand for Manpower during the SFYP, by Sectors of the National Economy, and their Annual Growth Rates

S e c t o r s	Increase in Demand for Manpr. 1982/86 (thousand)	Percentage	Ratio of Increase from 1981 to 1986	Average Annual Growth Rate	Increase due to Turnover	Increase due to Rep. of Forgn. Manpower	Total Demand
	%	%	%	%			
Agriculture	36.3	23.5	4.4	0.9	74628		
Mining	0.6	0.4	46.1	7.9	108		
Manufacturing	28.7	18.6	54.2	9.1	4752		
Electricity and Water	3.1	2.0	79.5	12.4	324		
Construction	6.0	3.9	8.3	1.6	6480		
Trade, Hotels and Catering	14.8	9.5	20.8	3.9	6372		
Transport and Communications	6.6	4.3	20.9	3.9	2808		
Finance, Insurance & Real Estate	1.5	1.0	33.3	5.9	432		
Public Administration & Services	56.8	36.8	42.4	7.3	12096		
TOTAL	154.4	100.0	12.8	2.4	108000	21736	284136

In order to establish a link between educational and training requirements and the labour markets, the labour force was divided into 8 main occupational categories as follows:

- A-1 Comprises those with university or higher qualifications, in the scientific professions;
- A-2 Those with university or higher qualifications in the branches of literature and humanities;
- B-1 Qualifications below university level, but higher than secondary, in the scientific fields;
- B-2 Qualifications less than university level, but higher than secondary - literature and humanities;
- C-1 Secondary cycle level, in the sciences and literature;
- C-2 Intermediate level, plus vocational training;
- D Intermediate or primary level, plus vocational training; and,
- E Primary level, or those with no schooling.

These professions have been divided between the public sector (State, public and mixed institutions) and the private sector. The purpose is to define the demand by sector and profession. The overall demand also is generated by economic growth, increased productivity, labour turn-over and replacement of non-Yemenis.

TABLE XIII

Changes in Labour Force between 1975 and 1986, by Profession and Sector

Professional Category	1975 *			1981			1986		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
A-1	515	226	741	1230	540	1770	3069	1029	4098
A-2	4986	268	5254	6932	373	7305	14058	569	14627
B-1	1314	753	2067	2667	1520	4187	5220	2401	7621
B-2	07	1258	1328	2276	2516	4783	4714	4180	8894
C-1	10972	24116	35088	33863	52377	76240	52826	90657	143483
C-2	12934	6169	19103	2091	8972	11063	6269	19741	26010
D	2180	49965	52145	3511	80084	83595	5933	113273	119206
E	4500	939748	944248	11238	1001419	1012657	18208	1013853	1032061
TOTAL	37471	1022503	1059974	53799	1147801	1201600	110297	1245703	1356000

*Labour Force in 1975 includes workers in the Ministry of Interior, while the survey of labour force in 1981 excluded this category.

From Table XIV, it appears that the expected increase in job opportunities between 1981 and 1986 will reach 154,436 or 12.8% approximately resulting from the economic growth and increased worker productivity, in addition to 129,736 as a result of turnover and replacement of foreign labour, thus bringing the total jobs due to those factors to 284,136. (See Table XV) .

It can be seen that category E forms the greater majority of workers, with a proportion of 84.3% in 1981. It is expected to drop to 75% by 1986. In the light of the Plan's stress on education and training, it may even achieve a greater decline, due to a portion of this category becoming better qualified to satisfy the demand for higher categories.

On the other hand, category A-1 constitutes about 0.1% of the total number for 1981. It is expected that this ratio will rise to 0.3% by 1986. Category A-2 will also rise from 0.6% in 1981 to 1.1% in 1986. In spite of the fact that the labour force in the public civil service does not constitute more than 4.5% of the total labour force in 1981, yet it comprises about 69.5% of workers in category A-1, and about 95% of category A-2. This indicates a concentration of most of the university graduates within the government institutions, particularly in the fields of education and health. Educational levels are expected to rise, to achieve an increase in all categories, without exception, at the expense of a decline in category "E", which is expected to follow a continuous descending curve.

Furthermore, it is expected that the labour force in the public civil service will reach 8% of the total manpower by 1986, in order to provide increased services to the citizens, especially in the level of education, health, and other economic and social services.

From Table XV which deals with supply and demand, it appears that the Second Five-Year Plan will be providing 75,550 new jobs as a result of the four factors influencing the demand, i.e., economic growth, productivity, turnover and replacement of foreign labour.

The structure of demand will be as follows: A-1: 1.1%, A-2: 3.4%, B-1 and B-2: 3.3%, C-1 and C-2: 34.2%, D: 15.4% and E: 42% of the total demand on labour force.

It is to be seen from Table XV that the expected supply during the Plan period will reach 287,459 workers, thus leaving a surplus of 3,323. Also, the great majority of supply comes from category "E", the proportion of supply from this category attaining 96.3% of the total. This category forms a surplus over demand, of 139,760 workers, or 116.7% of the total demand of those who are in that same category, whereas in the other categories, there is a deficit of 136,437 or 37.5% of the total demand. The deficit in category "D" is 38,997 or 13.7%. In category C-2, it is 4.6% of the total. In C-1, it reached 14.5% whereas in B-1 and B-2, A-1 and A-2 the deficit is 12,971, or 4.6% of total demand. It will be noted that the majority of the deficit falls in category C-1, and most of the shortage in this category is due to increased demand for teachers of the primary cycle. The anticipated deficit in category "D" can be remedied by upgrading the qualifications of part of the "E" category's surplus. Furthermore, demand for incoming foreign labour which does not require high qualifications should be reduced through training of local cadres.

Training Requirements

In view of the fact that adapting the education and training system to produce a labour force qualitatively and quantitatively suited to the requirements of development needs much more time than five years to achieve, the Second Plan concentrates on expansion of training facilities as the most important source of labour supply in the required occupations, and as a vital factor in raising productivity. In addition, it is the reliable method to

secure the number of workers required both qualitatively and quantitatively, in a relatively short time.

On this basis, the planned training and the diversification of its fields, may contribute to bridging the gap in the majority of skilled and qualified vocations, at the medium term at least. The expansion in training during the second Plan is estimated at 35,766 trainees, distributed over local short-term training and long-term training, with a total of 23,377 persons, and short and long-term training abroad of 12,509 trainees. These are distributed over the Plan period in the manner indicated in Table XVI.

The short-term training would cover less than four months for each trainee, and the long-term training would cover a period of four months and over. Local training would take place within the existing vocational training institutes in the Yemen. As for training abroad, it would be done through the various schemes of technical assistance which the country receives from different friendly nations and international organizations, as well as regional bodies.

The total numbers to be trained, according to the Plan, is estimated to be slightly over 23.8% of the additional labour force. This is in addition to graduates from the secondary schools and intermediate and primary education, whose numbers are estimated at 27,904 graduates, representing 12.1% of the additional labour force. In other words, those who are slated for training and those who are expected to complete their education in the various cycles are estimated to satisfy 41.9% of the total additional demand. This is quite a satisfactory ratio under the country's present circumstances.

TABLE XV

Balance on Labour Force

Professional Categories	A-1	A-2	B-1	B-2	C-1	C-2	D	F	Total
General Total for Demand 1982 - 1986	3076	9584	5069	5729	49452	17752	43709	119765	284136
General Total for Supply 1982 - 1986	2895	3228	1940	2424	8102	4633	4712	259525	267459
Surplus (Deficit)	(181)	(6356)	(3129)	(3305)	41350	13119	38997	139760	3323

TABLE XVI

Training Targets by Years of the Plan by Local Training and Training Abroad and by Duration of Training

Years	1982	1983	1984	1985	1986	Total Trainees
Place & Duration of Training						
Local Training: Shorter	2323	2169	2206	2399	3420	13017
Longer	2018	1898	2586	1619	2739	10860
Sub-Total	4341	4067	4792	4518	6159	23877
Training Abroad: Shorter	812	326	422	394	517	2471
: Longer	1810	2084	2257	2145	2122	10418
Sub-Total	2622	2410	2679	2539	2639	12889
TOTAL	6963	6477	7471	7757	8798	36766

Policies and Measures to Achieve Manpower Targets

1. In the Context of an Optimal Utilization of the Labour Force
 - a. Conducting comprehensive studies on the institutional framework of the State's institutions, the public administration, the public sector, and the mixed sector organizations. This is in preparation for a definition of the role and duties of civil servants and their responsibilities in general, and those of key positions in particular. These should be linked to the required educational and scientific qualifications, and the practical skills needed. Then, a redistribution should be carried out of all manpower in the light of the results of these studies;
 - b. Pursuing the creation and the completion of training and vocational institutes and their equipment, expanding the training and educational base within the civil service itself and the training institutes concerned. Follow-up of all the achievements of training in the context of the Second Five-Year Plan;
 - c. Ensuring the proper enforcement of current laws and regulations, with efforts to develop these in the light of practical experience, completing performance evaluation systems, streamlining the procedures of employment and appointment, linking wages and salaries with the type of work performed, incentives to employees for better productivity, application of the principle whereby trainees are obliged to report back to their original posts after their period of training is completed, re-cycling them into jobs more suited to their newly acquired skills, and generally seeking to achieve job-stability;
 - d. Stimulating the role of employment exchanges in the main cities;
 - e. Preparing follow-up programmes and periodical surveys of the manpower movement, within the country and abroad, supplying the necessary data on manpower;

- f. Follow-up of the implementation of Labour Laws, social security and pension, industrial security and their applications, developing these laws in a direction that will ensure additional welfare and peace of mind to the country's labour force, devoting special attention to raising the capacity and efficiency of those who are entrusted with the enforcement of these laws and regulations.
2. In the Context of Meeting Manpower Requirements of the Plan
- a. Expanding the general education base, linking it with the needs of the society; assisting students in all cycles of education in choosing the subjects which are most suited to their aptitude and fields of specialization in the light of the actual market requirements for specialized manpower, taking into account that every completed academic cycle prepares a new batch of entrants to the labour market, and also constitutes a launching-pad for those whose aptitudes or skills enable them to move on to higher cycles of education;
- b. Follow-up surveys of graduates with the aim of assessing the suitability of the educational curricula and training programmes according to the nature of work they perform, in order to develop the school curricula and training programmes in a manner better suited to the requirements of the labour market, and to draw up plans for expanding the training centres to serve domestic as well as foreign demand in the various fields of skills and specialization;
- c. Co-ordination in the preparation of annual medium and long-term plans in the light of the requirements defined by the Plan, and the trends of developing in the long run, according to the types of professions and specialization required;
- d. Setting up a general authority for vocational training which would assume the responsibility of upgrading training and vocational education, and providing short-term intensive training programmes which are suited to the nature of work to be performed by the trainees;

- e. Encouraging Yemeni women in general, and the educated ones in particular, to participate in the country's labour force. Suitable training opportunities should be provided for them, and kindergartens and child nurseries should be established to facilitate the participation of married women and mothers in the fields of productive work;
- f. Establishing and intensifying links between organizations concerned with labour and the Yemeni expatriates abroad, by constant contact, studies and surveys in order to attach the expatriates more firmly to the motherland. These would also be useful in drawing up an inventory of the skills and qualifications of our emigrant labour force, to incite those of them who wish to return to take up posts in their homeland, commensurate with their skills and specialization.

3. In the Context of Reducing the Country's Reliance on Non-Yemeni Manpower

- a. An accurate definition is necessary of job-classification and functions performed by foreign experts in the country. The utmost advantage should be derived from their presence, accelerating efforts to train their Yemeni counterparts and making them qualified to take over and replace these experts within a given time limit;
- b. Creation of teachers' institutes, with a cycle of five-years after primary, and two years after secondary education, to meet the increasing demand for teachers of both sexes in the primary and intermediate cycles, and to reduce waste resulting from employing university graduate teachers in the primary and intermediate cycles;
- c. Making the optimum use of all technical assistance by the neighbouring brethren and other friendly nations in the field of education and training in the various skills required by the domestic labour markets. For this purpose, increased use will be made of projections of supply and demand of the non-Yemeni manpower,

especially experts and teachers drawing up a national policy for fellowships and follow-up of the skills required by fellows;

- d. No foreign experts should be called in to fulfil routine or commonplace functions.

VII REGIONAL DEVELOPMENT

During the last decade, major infrastructure investment and productive activities were concentrated in the three major cities: Sana'a, Ta'iz and Hodeida.

As a consequence, the regional and spatial pattern of growth was channelled into a rapidly growing urbanization especially of the three largest cities mentioned above, thus widening the income gap between the country's regions.

If this trend is allowed to continue, and even enforced with emigrants increasingly returning home and settling in urban areas without adequate attention being given to regional planning, the gap in income and living standards will grow between these cities and the rest of the country.

Therefore, the Plan has set as one of its main targets, for the first time, the introduction of regional planning in the Yemen in order to exercise a better control over the growing disparities in income and the acute imbalance between the standard of living of the inhabitants of the more developed cities, and of the other regions. The Plan aims at reviving economic activities in all parts of the country, particularly in those with high development potentials, in order to reduce the attraction of the three cities, and develop the other regions more equitably.

The basic feature which characterize plans of regional development is the co-ordination between the various social and economic activities on a regional basis. This is what distinguishes them from plans of sectoral development, which are largely based on economic activity.

A sound development is that based on regional and sectoral planning together, within a global and comprehensive outlook.

In view of the fact that regional planning in the Yemen is still in its first stage, the country is not yet divided into regions for development purposes. Therefore, regional planning in the Second Five-Year Plan was drawn up on the basis of certain assumptions and estimates. This includes the assumption that internal migration will continue from rural less developed areas, having limited possibilities of development towards regions with a higher potential for development. This situation calls for an in-depth evaluation of the development potentials in all regions of the country, in order to achieve a more balanced and justified distribution of national resources among the various regions. In any case, a minimum of standards of living for all areas should be established in order to **provide** for the basic needs of the population.

On this basis, it is possible to identify four regions for development, classified by priority order as follows:

- I. Regions with potential for development;
- II. Regions in a transitional state of development;
- III. Regions in a transitional state of development with future potential;
- IV. Transitional regions with limited possibilities of growth.

In addition to the above, there are some areas of the country which still need to be classified in the light of its own potentials.

On the basis of the above assumptions and broad estimates, the fixed capital investments provided for in the Second Plan have been allocated to the various governorates of Yemen, with the following considerations in mind:

1. Allocation of investments in agriculture and industry will be mainly in areas with a high potential of growth;

2. Allocation of investments in electricity and communications will be determined on the basis of population criteria, and with a view to eliminate regional isolation;
3. Allocations of investments in trade, housing and services will be carried out according to population distribution; and,
4. Most of the national projects will be concentrated in the three main cities: Sana'a, Ta'iz and Hodeida, but their location will be in the outskirts of these cities and not within their boundaries.

CHAPTER FOUR

THE INVESTMENT PROGRAMME

I. INTRODUCTION

Gross capital formation during the Second Five-Year Plan is estimated at 29,292 million Rials which is equivalent to approximately US\$ 6,509 million. Of this total, 28,100 million Rials (US\$ 6,244 million) represent fixed capital investments and the rest, i.e. 1,192 million Rials (US\$ 265 million) constitute changes in stock. It is anticipated that these investments will be financed primarily by national savings, including remittances by Yemenis working abroad (47.2% of total national savings), and by factor income from abroad (1.7%), foreign loans and grants (46.1%), and direct foreign private investments (5%).

The net value of drawings on foreign loans and grants during the Five-Year period of the Plan is estimated at 13,500 millions Rials, or about US\$ 3,000 million, representing 46.1% of gross capital formation. The Plan envisages that one third, or 4,500 million Rials of these loans will be in the form of "Programme assistance" and the remaining two-thirds will be "Project Loans". The Plan provides for the following distribution of the loans over the various sectors of the economy:

- Agriculture: 2,295 million rials;
- Mining and Quarrying: 600 million Rials;
- Manufacturing: 1,500 million Rials;
- Electricity and Water: 1,850 million Rials;
- Transport and Communications: 3,000 million Rials;
- Government Services: 4,255 million Rials.

This Chapter discusses the distribution of investments by economic sectors in both the public and private sectors. This Chapter also explains the breakdown of investments within the sector. A distinction is made between drawings from foreign loans and grants and other sources of financing. It concludes with a list of investment projects in each sector, with their estimated costs.

II. PROJECTS BY SECTOR

In this section, investments are broken down according to the various projects and activities within each sector. The costs of these investments are broken down between local and foreign currency. The total expenditure on the projects described in this section is expected to be equal to the fixed investments outlined in the Plan, i.e. 28.1 billion Eials. The projects listed under the heading of "Projects Under Preparation" are additional projects which may be implemented partially or wholly during the period of the Plan, in addition to those listed in the first category, if their feasibility has been established and additional resources to finance them are made available.

1. Agriculture

The fixed capital investments for the Agricultural Sector are distributed as follows:

TABLE 1

Distribution of capital investments according by Sector.

Sector	Total Fixed Capital Investments					
	Domestic		Foreign		Total	
	1000 R.	%	1000 R.	%	1000 R.	%
Public Sector	1379635	45.7	1640090	54.3	3019725	68.2
Mixed Sector	32583	58.9	22692	41.1	55275	1.2
Subtotal: Public & Mixed Sectors	1412218	45.9	1662782	54.1	3075000	30.6
Private Sector	430900	31.8	924100	68.2	1355000	30.6
Total	1843118	41.6	2586882	58.4	4430000	100.0

Table I shows local currency represents 41.6% of the total capital investments and 58.4% in foreign currency.

It is expected that the public and mixed sectors will implement 69.4% of the total fixed capital investments, and the private sector will implement 30.6%.

A. Financing

It is expected that the investments in the agriculture sector will be financed by drawing on foreign loans and grants and other sources as follows:

TABLE II

Source of financing fixed capital investments in the Agricultural sector.

Source of Financing	Million Riials	Million Dollars	%
Foreign Loans & Grants	2295	510	551.8
Others	2135	474.4	48.4
Total	4430	984.4	100.0

In other words, drawings on foreign loans and grants will be financing about 51.8% of the total fixed capital investments in the agricultural sector, which is slightly less than the average costs in foreign currency expenditure on agricultural projects. The remaining 48.2% of capital expenditures in this sector will be financed from other sources.

B. Investments of the Public Sector According to Activities & Projects

The availability of water constitutes one of the main bottlenecks which hampers agricultural development. Therefore, the Plan has earmarked 20.5% of the total fixed capital investments in the Public Sector for water and irrigation projects. 17.3% of the total will be allocated to integrated rural development projects in view of their direct and indirect effects in improving agricultural productivity.

Table III shows the distribution of investments in the public sector, according to the activity. It also indicates whether the project launched during the first five-year Plan (designated "ongoing") or new.

TABLE III

Investments of the public sector by activity and project.

(in thousand rials)

Project and Activity	Investments during the Plan Period			
	Type	Local	Foreign	Total
- <u>Plant Protection</u>				
1. Seed Multiplication	ongoing	10397	43317	53714
2. Dev. of Coffee Production	ongoing	16471	-	16471
3. Potato Multiplication	ongoing	20213	2028	22241
4. Horticulture & Honey Prod.	ongoing	38631	24134	62765
5. Plant Production	ongoing	24410	9410	33820
6. Desert Locust Control	ongoing	6180	4685	10865
7. Botana Agric. Dev. Centre	ongoing	8759	-	8759
8. Agric. Res. & Forestry in Dhemar	ongoing	25452	20845	46297
9. Agric. Engineering	ongoing	16403	11772	28175
10. Reduction of Harvest losses	ongoing	2451	8317	10768
Sub-Total		169367	124508	293875
- <u>Forestry</u>				
11. Soil Conservation & Forestry Development	ongoing	18080	15000	33080
Sub-Total		18080	15000	33080
- <u>Agricultural Research</u>				
12. Agric. Research	ongoing	63250	119750	183000
13. Land Classification and Capability Survey	ongoing	11598	13864	25462
Sub-Total		74848	133614	208462
- <u>Extension Services</u>				
14. Agric. Extn. & Information	ongoing	15158	1500	16658
Sub-Total		15158	1500	16658

Project and Activity	Investments during the Plan Period			
	Type	Local	Foreign	Total
<u>- Livestock Production</u>				
15. Poultry Farms, Rawdha	ongoing	-	14760	14760
16. Train. on Poultry Production	ongoing	14845	25756	40601
17. Veterinary Services	ongoing	54970	54970	109940
18. Animal Husbandry	ongoing	94086	32111	126197
19. Fodder Improvement	new	11250	10350	21600
20. Sana'a Zoological Garden	new	-	20000	20000
Sub-Total		175151	157947	333098
<u>- Irrigation & Water</u>				
21. Dev. of Wadi Al-Jauf	ongoing	30000	79000	109000
22. Small Diversion Dams	ongoing	13000	52000	65000
23. Maintenance of Terraces & Dykes	ongoing	6000	6000	12000
24. Meteorological Stations	ongoing	2000	-	2000
25. Studies of Ground Waters & Drilling of wells	ongoing	5000	10000	15000
26. Support to the Gen. Dept. for Irrig. & Train. of Surveyors	ongoing	3600	4000	7600
27. Irrig. of Janatein (Marib Dam)	new	48000	270000	318000
28. Dev. of Wadi Bana	new	4000	11000	15000
29. Survey of Water Resources	new	5000	15000	20000
30. Adoption of Modern Irrig. Techniques	new	2000	2000	4000
31. Study of use of Sewerage Water for Irrigation	new	3400	-	3400
32. Study & Dev. of Sana'a Water Basin	new	18000	30000	48000
Sub-Total		140000	479000	619000

Project and Activity	Investments during the Plan Period			
	Type	Local	Foreign	Total
<u>- Institution Building</u>				
33. Instit. Supp. to the Ministry of Agric.	ongoing	37500	22500	60000
34. Support to the Agric. Stat. & Planning	ongoing	34202	1891	36093
35. Dev. of the Northern and Eastern Regions	new	20000	-	20000
36. Agricultural Marketing	new	15000	16030	31030
Sub-Total		106702	40421	147123
<u>- Rural Development</u>				
37. Rural Dev. Southern Uplands	ongoing	153200	67750	220950
38. Integrated Rural Dev. Hada'ia	ongoing	39000	67219	106219
39. Integrated Rural Dev. Qaa Al-Boon	ongoing	24847	2628	27475
40. Integrated Rural Dev. Khawlan	new	23948	13970	37918
41. Integrated Rural Dev. Hajje	new	24395	18503	42898
42. Integrated Rural Dev. Mahwait	new	23907	10233	34140
43. Integrated Rural Dev. Saada	new	26466	14240	40607
44. Integrated Rural Dev. Sanis	new	9948	2632	12580
Sub-Total		325711	197175	522886
<u>- Tihama Development Authority</u>				
45. Wadi Zebid	ongoing	13500	-	13500
46. Wadi Rainaa	ongoing	84200	88942	173142
47. Wadi Mawr	ongoing	124572	168071	292643
48. Agric. Extn. in Tihama	ongoing	33300	17105	50405
49. Surdul Farm	ongoing	12397	18596	30993
50. Agric. Res. at Surdul	ongoing	1494	2241	3735
51. Wadi Sihan	new	14480	21720	36200
52. Study of the Northern Wadis (valleys)	new	4000	4000	8000
Sub-Total		278943	320675	608618