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REPORT AND RECOMMENDATION
OF THE
PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE
EXECUTIVE DIRECTORS
ON A
PROPOSED DEVELOPMENT CREDIT
TO THE
PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN
FOR A
THIRD EDUCATION PROJECT

March 12, 1982

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CURRENCY EQUIVALENTS

<u>Currency Unit</u>		<u>Calendar 1980</u> <u>Yemeni Dinars (YD)</u>	<u>April 1981</u> <u>YD</u>
US\$1	=	YD 0.345	0.345
YD 1	=	US\$ 2.90	2.90

Fiscal Year

April 1 to March 31	(prior to 1975)
April 1 to December 31	(1975)
January 1 to December 31	(from 1976)

GLOSSARY OF ABBREVIATIONS

MOC	=	Ministry of Construction
MOE	=	Ministry of Education
MOL	=	Ministry of Labor
PDRY	=	People's Democratic Republic of Yemen
PIU	=	Project Implementation Unit

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

THIRD EDUCATION PROJECT

CREDIT AND PROJECT SUMMARY

Borrower: People's Democratic Republic of Yemen
Amount: SDRs 5.3 million (about US\$6.0 million equivalent)
Terms: Standard IDA

Project

Description: The project would (a) help alleviate urgent manpower needs by providing buildings and equipment for the training of skilled workers and technicians and by improving the methods and data base available to manpower planners; (b) upgrade the skills and knowledge of existing poorly qualified teachers and increase the output of new primary teachers; and (c) improve the quality of school buildings by establishing school building maintenance units in two regional education directorates and by determining urgent school furniture and equipment needs. Specifically, the credit would finance construction, equipment and furniture for (i) a commercial technical institute at Aden (750 places), (ii) an agricultural technical institute at Saber (450 places), (iii) an in-service teacher upgrading center at Aden (630 places), and (iv) a regional primary teacher training institute at Seiyun (590 places). Two fully-equipped mobile building maintenance units and technical assistance for two studies would also be financed by the credit. Technical assistance relating to the above project items would be financed by the Government through bilateral sources under ongoing programs.

The project would help to strengthen both male and female training and primary education in remote areas. The introduction of a school building maintenance system in the two main governorates is likely to provide important benefits. The studies would help to improve planning mechanisms and provide a detailed assessment of school furniture and equipment needs. The project does not face any special risk.

Estimated Cost:^{1/}

	US\$ million		
	<u>Local</u>	<u>Foreign</u>	<u>Total</u>
Construction, equipment and furniture for the commercial technical institute and for the primary teacher training institute	4.1	4.5	8.6
Extension, equipment and furniture for the agricultural technical institute and the in-service teacher upgrading center	1.7	2.1	3.8
Equipment for the mobile maintenance units	0.0	0.2	0.2
Technical assistance	0.3	1.3	1.6
Physical Contingencies	0.6	0.7	1.3
Price contingencies	3.1	2.0	5.1
Total Project Cost	<u>9.8</u>	<u>10.8</u>	<u>20.6</u>

^{1/} Not including duties and taxes from which the project is exempt.

Financing Plan:

Government	9.8	4.8	14.6
IDA	0.0	6.0	6.0
Total	9.8	10.8	20.6

Estimated IDA Disbursements:

	US\$ million					
	<u>Bank</u>	<u>FY83</u>	<u>FY84</u>	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>
Annual		0.5	1.5	2.1	1.7	0.2
Cumulative		0.5	2.0	4.1	5.8	6.0

Estimated Completion Date: December 31, 1986

Rate of Return: Not applicable

Staff Appraisal Report: No. 3709-YDR of February 25, 1982

INTERNATIONAL DEVELOPMENT ASSOCIATION

REPORT AND RECOMMENDATION OF THE PRESIDENT OF THE IDA
TO THE EXECUTIVE DIRECTORS ON A PROPOSED DEVELOPMENT
CREDIT TO THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN
FOR A THIRD EDUCATION PROJECT

1. I submit the following report and recommendation on a proposed development credit of SDRs 5.3 million (about US\$6.0 million equivalent) on standard IDA terms to the People's Democratic Republic of Yemen (PDRY) to help finance a Third Education Project.

PART I - THE ECONOMY

2. An economic report entitled "People's Democratic Republic of Yemen: Economic Memorandum" (3570-YDR) dated January 29, 1982, was distributed to the Executive Directors on February 10, 1982. A country data sheet is attached as Annex I.

Development Objectives and Constraints

3. Over the past decade, the Government of PDRY has consistently pursued a strategy of developing the country within the context of a planned economic system. The principal objectives of the Government have been: (a) to satisfy the basic needs of the population for food, essential consumer goods, shelter, employment, health care and other social services; (b) to develop the production capacity of the economy, especially in agriculture, fisheries, manufacturing, construction and minerals; (c) to strengthen the infrastructure sectors, i.e., transport, power and telecommunications; (d) to raise education standards, emphasizing technical and higher education; and (e) to increase exports of domestic products.

4. In pursuing these objectives, the Government relied primarily on a strong public sector and on cooperatives. Major institutional reforms were initiated with the nationalization of foreign properties in 1969 which brought the bulk of the modern service activities in and around Aden (banking, insurance, shipping, trading) under Government control. Subsequent investment in manufacturing, power, construction and mineral exploration has given the public sector a dominant influence over industrial activities. Two agrarian reform laws enacted in 1968 and 1970 have fundamentally changed the land tenure conditions, breaking up large feudal holdings. Simultaneously, new farm organizations--state farms and cooperatives--were created to facilitate the introduction of modern cultivation and marketing techniques. Fishing and consumer cooperatives were also established. More recently, two of the remaining foreign-owned installations--the Aden Refinery (British Petroleum) and an international communications facility (Cable and Wireless)--were transferred by mutual consent to the Government of PDRY.

5. Private enterprise was given a subsidiary role by the Government, and was to be gradually replaced by public corporations and cooperatives. But the private sector has proven to be resilient and appears to have regained some strength in recent years. At present, it is estimated to account for almost half of the nation's gross output of goods and services (excluding government services). Private activity can be found in almost every sector and is strongly represented in agriculture, construction, trade and transport. The volume of private investment--mainly in housing--has risen sharply since the mid-1970s, partly at the expense of public investment. Cooperation between public and private capital is encouraged in some areas, such as light industries, and a limited number of joint ventures are now active. Foreign private investors have been invited to participate in oil exploration and the fishing industry. A new Investment Promotion Law has recently been promulgated providing incentives to private investors and encouraging foreign investment in other sectors such as tourism and construction.

6. Since the early 1970's the country has made significant progress in a number of areas. Supplies of basic foodstuffs and other essential consumer goods were increased largely through higher imports. School enrollment rose sharply, adult literacy programs were introduced, and health services improved. The transport network was strengthened, new power stations built, and productive capacities in agriculture, fisheries and manufacturing expanded. Substantial investments were made in mineral exploration while more recently, there was an upsurge in private house construction. Rising investments led to a rapid expansion of the local construction industry. Overall economic expansion together with net emigration abroad not only eliminated open unemployment but created some labor shortages.

7. These developments were supported by substantial aid inflows, and by a large increase of remittances sent by Yemenis working abroad (see para. 17). Exports on the other hand displayed little dynamism reflecting in large part the low levels of capacity utilization especially in agriculture and fisheries. Notwithstanding large investments in these sectors, agricultural production stagnated in the last 5-6 years, while fish catches registered a large increase in 1980 after declining sharply in 1978 and 1979. However, since an increasing amount of product can be sold in the free market, the official output statistics may increasingly understate the level of production and thus the performance of the agriculture and fisheries sectors.

8. The second five-year plan continues to pursue the overall development objectives outlined in para. 3 above. The plan was originally envisaged to cover the 1979-83 period. However, following a recommendation by the Council on Arab Economic Unity asking Arab countries to synchronize their five-year development plans, the second five-year plan commenced in 1981. The Plan proposes a total investment of \$1.47 billion (in 1980 prices) for 1981-85 of which 19 percent is to be spent for energy, 17 percent for agriculture and fishing, 6 percent for manufacturing, 18 percent

for transport and communications, 8 percent for education and health and 18 percent for housing. The plan assumes that about \$1.06 billion (72 percent) will be financed through foreign capital, of which approximately \$400 million had already been committed at the beginning of the plan period. The production targets are ambitious. They call for an overall rate of growth of 10 percent per annum with sectoral growth targets of 13 percent for industry, 9 percent for agriculture and 16 percent for fisheries, and 9 percent for transport and communications. Production growth is to be achieved not only through new investments but also through improved utilization of existing capacities.

9. In implementing the Plan the Government faces a number of constraints, the most important ones being limited natural resources, shortages of manpower, especially in the construction sector, insufficient technical and managerial skills, and low levels of productivity. A harsh climate severely limits the area available for cultivation, although substantial increases in agricultural output could be achieved through higher yields, and by substituting cash crops for subsistence agriculture. The narrow domestic market and few known raw materials limit the scope for industrial development. These constraints are compounded by the rugged topography which creates severe difficulties for internal transportation resulting in increased domestic transport cost.

10. The Government has tried to ease the shortages of adequately trained manpower with bilateral and multilateral technical assistance, including assistance from UNDP which maintains a large program in PDRY. In addition, again with foreign assistance (including IDA), a large education and training program was launched and in recent years has become increasingly technically oriented. Supported by scholarships for higher education abroad and the establishment of technical training institutions in PDRY, the country is now generating an increasing flow of technically trained people who could gradually reduce the shortage of skilled manpower. Shortages of unskilled labor exist mainly in the construction sector and could be eased through joint ventures with foreign contractors.

11. Low productivity in the public and cooperative sectors is one of the principal problems faced by the Government. In addition to shortages of trained manpower the reasons for this can be traced largely to inadequate incentive systems including low Government procurement prices in agriculture and fisheries, weak management, lack of spare parts, and poor maintenance. These constraints are often compounded by excessive state control which causes distortions and stifles initiative. No early solutions to these deep-seated problems are in sight although the Government has recently started to pursue a more flexible price policy to provide incentives for farmers and fishermen. For example, state procurement prices for most agricultural crops and fish have been substantially increased accompanied by measures permitting farmers and fishermen, both as individuals and in cooperatives to sell a large portion of their output on the free market at prices substantially above state procurement prices.

Recent Economic Developments

12. The Government's emphasis on the public sector has led to a rapid increase in public spending. Priority was given to public investment which increased from \$57 million in 1974/75 to \$166 million in 1977. In 1978, however, public investment started to decline in real terms and in 1979, it was some 20 percent lower than in 1977. The principal reason for this decline was a growing shortage of construction workers many of whom preferred to work in the private sector where much higher wages are being paid. However, in 1980 development expenditures increased in absolute terms reflecting the special efforts of the Government to complete ongoing projects, but in real terms they were still substantially below 1977 levels. Current government expenditures for education, health and more recently defense, continued to grow through 1979 both in nominal and real terms.

13. During the past decade, high levels of public spending have accelerated the rate of economic growth. GDP at constant prices is estimated to have grown at an annual average rate of about 9 percent during 1974-79, compared with only 2 percent per annum during 1970-73. The major growth sectors were government services, construction, manufacturing and transport. Agricultural output, on the other hand, stagnated and fish production apparently declined. To some extent the disappointing performance of agriculture and fisheries was the result of labor migration from these sectors to higher paid jobs within the country (i.e. construction) or abroad. But it also reflects the factors mentioned in para. 11 above.

14. To sustain the massive increase in public spending, the Government had to make a major effort in mobilizing financial resources. With a low per capita income, there were severe limitations on raising domestic resources. The principal instrument used in mobilizing domestic funds was taxation. New taxes have been introduced and tax collection improved. In addition, profits of public enterprises have been rising. As a result, total public sector income rose from \$68 million in 1974/75 to \$318 million in 1980. This still left a large overall deficit in the public sector amounting to \$254 million in 1980.

15. To supplement the insufficient domestic resources, the Government turned for help to friendly nations and international agencies. Increasing amounts of foreign aid were provided, largely by socialist countries and Arab nations. In addition, PDRY received support from regional and international organizations, including IDA. Total foreign aid inflows rose from \$66 million in 1974 to \$131 million in 1978. In 1979 disbursements dropped to \$87 million due in part to the decline in public investments. However, foreign aid inflows once again rose sharply in 1980 reaching \$169 million.

16. The overall expansion of economic activity, especially the growth in investment, has induced a considerable flow of additional imports. Total imports rose from \$190 million in 1974 to \$650 million in 1980. Most of the increase was due to rising world prices, especially those for crude oil and foodstuffs, reducing the growth of import volume to only one-fourth of the nominal value. About 30 percent of imports in 1980 represented food and

beverages, 22 percent crude oil and petroleum products, and 20 percent machinery and equipment.

17. Exports, mainly fish and cotton, have been able to cover only a minor share of the import bill. In 1980, they were estimated to be about \$38 million or some 6 percent of commodity imports. Much more important than commodity exports are PDRY's invisible earnings which are dominated by labor income and private transfers. The latter rose rapidly since the mid-1970s, increasing from \$41 million in 1974 to \$350 million in 1980. This has been due to rising wage levels in the oil surplus countries, to additional emigration, and to new incentives which liberalized "own exchange" imports, allowed the construction of private dwellings, and offered higher interest rates to non-resident bank depositors. Fast growing exchange earnings and increasing disbursements from foreign aid have enabled PDRY in recent years to cover its import requirements and to strengthen its foreign reserves. The latter rose from \$67 million at end 1974 to \$234 million at end 1980, equivalent to about 4 months of the imports.

18. Foreign reserves increased moderately in 1980. This probably reflects rising imports and a slow-down in the growth of remittances. The volume of imports is reported to have risen, especially for consumer goods and fuels; in addition, import prices increased further. Labor income and private transfers on the other hand, have grown at a slower pace as immigration and wages tended to stabilize in the oil exporting countries. Rising import prices intensified inflationary pressures within PDRY; these pressures were reinforced by substantial increases in wage levels especially in the private construction sector, and by growing domestic bank financing of public sector expenditures.

External Debt

19. The large inflow of foreign loans led to a rapid accumulation of PDRY's external public debt even though part of the aid was provided in the form of grants. Total debt outstanding (including undisbursed) as of end 1980 amounted to \$1,241 million, of which \$499 million was disbursed. Bilateral sources accounted for \$920 million or 72 percent of total commitments with the USSR providing the bulk (\$573 million), followed by China (\$126 million), other Eastern European countries (\$150 million), and Arab countries (\$71 million). Multilateral flows amounted to \$321 million including \$197 million from Arab Funds, \$86 million from IDA and \$36 million from IMF. The terms of all loans are highly concessionary. In addition, PDRY has received \$255 million in grant assistance during 1974/80, mostly from Arab countries.

20. The soft terms of PDRY's external debt have resulted in relatively small debt service obligations. Debt service payments in 1980 were \$15 million or 4.4 percent of total foreign exchange earnings from exports of goods and services. However, PDRY's debt service obligations have started to rise and are projected to increase further in future years. This will exert additional pressure on its balance of payments. Therefore, in view of the above, the Bank's assistance to PDRY should continue to be on IDA terms. For the same reason, local cost financing by IDA is justified.

21. In 1969, under Nationalization Law No. 37, the Government nationalized most of the foreign-owned enterprises (para. 4). This law provided for compensation in the form of 20-year Government bonds bearing interest of 2 percent. Twenty-five percent of the net annual profits of all the nationalized companies were to be used for servicing the bonds. In response, some of the foreign banks which were nationalized froze substantial Yemeni deposits which they had transferred abroad. Immediately after the promulgation of Law No. 37, the Government appointed a British firm of accountants of international repute to audit the accounts of all the nationalized companies and evaluate their assets. The audit report was submitted to the Government in September 1971. Settlements were reached soon after with three of the foreign banks involved. Agreements were finalized with three additional banks in 1977, with the oil companies in late 1977, early 1978, and in 1979, with a development finance company in mid-1978, and with a bank in 1980. Dialogue with the one remaining claimant company of which IDA is aware has however been very slow since there is still no agreement on a basis on which to settle this claim. The Government professes its desire to reach mutually acceptable settlements with all claimant companies, and has expressed its willingness to consider such settlement outside the terms of the 1969 Nationalization Law.

PART II - WORLD BANK OPERATIONS

22. IDA's lending program in PDRY supports the Government's long-range economic objective of broadening the base of a service-oriented economy centered around Aden, by developing the productive capacity of the other sectors of the economy and promoting investments in the outlying regions. Efforts have been directed towards projects in the transport sector, which would not only help to integrate the disparate regions of PDRY, but, more importantly, link production areas with the main markets. This will be continued. IDA will also continue to assist in agriculture, including the key fisheries subsector, education, water supply and sewerage, petroleum exploration and power. In addition, new sectors being examined are industry and health. Technical assistance and institution-building will continue to be an integral feature of IDA projects in PDRY.

23. PDRY joined the Bank in 1969 and IDA in 1970, but is not a member of IFC. Assistance to PDRY commenced in 1971 and, after a pause of about two years (February 1976 to February 1978) because IDA funds allocated to PDRY for this period had been committed more rapidly than envisaged, resumed again in 1978. To date, IDA has had 18 operations in PDRY,^{1/} for a total commitment

^{1/} Including two engineering credits subsequently refinanced under Credits 560 and 1038.

of \$108.2 million. Of this total, \$32.8 million has assisted the transport sector, \$35.3 million the agriculture and fisheries sector, \$14.0 million the power and energy sector, \$9.4 million the education sector, and \$16.7 million the water supply sub-sector. Project implementation in PDRY has suffered from delays and in some cases cost overruns. Common causes of delay have included the time required to arrange the required cofinancing, difficulties in recruiting and retaining foreign advisors and in attracting foreign contractors, inexperience in project mobilization, and in recent years shortages of both skilled and unskilled manpower. But projects are in almost all cases being properly implemented even if delayed. Disbursement performance under IDA credits in PDRY has been consistently good during the past two years. It is superior to other countries in the Middle East and compares favorably with some of the best performers in the Bank. This trend is expected to continue. Lessons learned from experience in earlier projects are being taken into account in our follow-up projects. Annex II contains a summary statement of IDA credits as of September 30, 1981, and notes on the execution of ongoing projects.

24. Future operations are both in the preparation and study stages. A second power project is under preparation, as is a third fisheries project, a first health and nutrition project, and a follow-up agricultural project in Wadi Hadramawt. Project possibilities in industry, transport, education and water supply are also under consideration. As in the recent past, the costs of future projects are expected to be substantially higher than the funds IDA can provide to PDRY. Therefore, efforts will be continued to encourage other development agencies to join IDA in the financing of suitable projects. From FY71 through FY81, IDA has been successful in securing through its projects about \$123 million of cofinancing from other aid donors (UNDP \$0.7 million; Kuwait Fund \$26 million; Arab Fund \$46.2 million; Islamic Development Bank \$11 million, Abu Dhabi Fund \$16 million, OPEC Fund \$14.5 million, IFAD \$6 million and EEC \$3 million), thus helping to increase the inflow of development aid to the country.

PART III - THE EDUCATION SECTOR

Introduction

25. Following independence in 1967, the Government established the Ministry of Education (MOE) with six regional directorates and introduced a policy of extending a modern education system to all areas of the country. Education and training at all levels are now public and free. In 1977 the MOE initiated a series of reforms to improve the quality of the education system after a period of rapid expansion. These include more systematic vocational and technical training, new curricula for all grade levels, improved teacher training and a new educational structure that is similar to those in many Middle East countries. Formal education is now provided for up to three years of kindergarten, eight years of basic (primary) schooling (grades 1-8; ages 7-14), four years of academic secondary schooling (grades 9-12; ages 15-18) with alternative two-year skilled training (grades 9-10; ages 15-16) and five-year technical training (grades 9-13; ages 15-19) at this level, and an

adequate range of university programs. In addition, other Ministries and a number of public corporations offer both pre-service and on-the-job upgrading courses for employees.

26. Given the level of its economic development, PDRY has achieved a large measure of success in expanding educational opportunities. Total enrollments in the school system rose from about 94,000 in 1968 to more than 312,500 in 1980, representing a high average annual increase of about 17 percent. The firm policies of the Government to promote education and training have resulted in high enrollment ratios of 65 percent for basic (primary) and 22 percent for secondary schooling, in comparison to about 33 percent and 3 percent, respectively, in the neighboring Yemen Arab Republic. The participation rates for girls at these levels were 30 percent and 28 percent, respectively, which is higher than in most other countries of the region. Of the 10,700 teachers in basic and secondary cycle schools, about 35 percent and 23 percent, respectively, are female. Access to education both for females as well as those living in the more remote rural areas remains a problem. Thus the Government is intensifying its efforts towards full enrollment through the widespread application of co-education, the introduction of special financial incentives in remote areas, and the enactment of laws prohibiting marriage prior to the completion of primary education.

Issues and Problems

27. Vocational and technical training have only recently received emphasis in spite of the fact that severe labor shortage, particularly in the skilled worker and technician categories, is one of the most acute problems faced by the Government. In 1980, only 7 percent of secondary students participated in vocational and technical programs, largely through lack of opportunity due to inadequate training facilities. Shortages of professional, technician and skilled manpower will act as a constraint on national development through the next decade. Recent government statistics suggest that annually through 1990, about 4,000 skilled workers, 1,300 technicians and 800 managers/professionals will be needed. The present output from existing institutions is only about 1,300 skilled workers, 400 technicians and 500 professionals. In view of this problem, the Government has given high priority in the Second Five-Year Development Plan (SFYP) to the training of skilled and technician level workers in the formal education system. Within the plan period, nine two-year skilled worker training schools and three technician institutes are expected to be constructed. The proposed project would finance three of these with an annual output of 140 skilled workers and 160 technicians which will complement the three skilled level centers financed under the previous education project. In addition, other ministries are increasing their training capacity and improving their ability to provide on-the-job training for their workers. More attention will need to be given to this type of training in the future.

28. Manpower data are imprecise. Little use has been made of the limited employment survey conducted in 1977 or of the national census data from 1973. In view of the considerable outflow of workers from the country, there is an

urgent need to obtain more accurate and up-to-date data on the labor force. The Government is aware of this deficiency. The proposed project would finance a manpower planning study which would also assist the Government in designing a labor force survey and in developing an occupational classification and new wage scale.

29. The low quality of teacher preparation which is particularly apparent in the more remote regions of the country has resulted in about 70 percent of basic (primary) cycle and 30 percent of secondary cycle teachers being untrained or under-qualified. Current in-service upgrading programs, with bilateral assistance, while useful are nevertheless inadequate to meet these needs. With the recent appointment of a director of in-service upgrading, a new series of programs is being initiated and an upgrading institute is included in this proposed project. The Government proposes eventually to upgrade pre-service teacher training to the post-secondary level. While the overall annual demand for new teachers during the next decade will largely be met by the capacity of existing institutions, a regional imbalance exists in the hinterland particularly in the three remoter governorates where there is a shortage of teachers for small rural schools in isolated communities. The proposed project therefore includes a primary teacher training institute to serve these regions.

30. The quality of schooling is hampered by poorly trained teachers, meager instructional aids, lack of rudimentary furniture and equipment and poor and ineffective maintenance of buildings. Approximately 70 percent of basic (primary) cycle schools lack furniture and more than 50 percent of schools occupy non-purpose-built rented facilities. The provision of schools is difficult in the remoter areas, two-thirds of the female age-group still do not attend school and the MOE lacks experienced supervisors and headmasters. Regional inequalities continue. Conscious of these problems, the MOE has increased the responsibilities of the regional education directorates and has recently established small school building maintenance units in them. However, improvements in physical facilities and access to schooling need to be based on planned investment. To this end, the proposed project is supporting an inventory of school facilities and a maintenance program for school buildings in two pilot regions.

31. Training at all levels is needed to improve the quality of planning, administration, and management. This would assist the Government to implement its development investment program. As a first step, the Ministry of Labor (MOL) has recently constructed with bilateral aid a Management Services Center (MSC) to initiate both pre-service and upgrading programs. However, the MSC is currently handicapped by lack of staff, programs, furniture and equipment. To assist the Government in more clearly specifying the likely demand for managerial training a pre-investment study will be financed by the Government of Kuwait. The MSC would serve all ministries. The MOE would also utilize its own in-service teacher upgrading center to upgrade its own administrators, planners and clerks. At the same time, the training of key people abroad should continue under ongoing bilateral agreements.

Educational Finance

32. The education system will continue to expand over the next decade. This will place an increasing burden on the economy. In 1980, education expenditures represented an average of \$200 per student per annum. Continued support from bilateral sources and new involvement by Middle East Funds and other agencies will be needed to support the proposed capital expenditures. The level of education expenditures is expected to increase from 10.5 percent of total government expenditures in 1980 to 14 percent in 1985. Recurrent costs for education (17 percent of total recurrent costs) are relatively low; while only 3 percent of the Government's total capital budget was allocated to education in 1980. By 1985, these expenditures are expected to rise to 20 percent of recurrent expenditures and 4.5 percent of capital expenditures, both of which are feasible and acceptable. No adverse effect on the proposed project is anticipated in view of the high priority attached to vocational and technical education (see para. 33), and the relatively small percentage of the recurrent education budget which will be required.

Education Policy

33. The Government's education and training policies have had two major objectives: (i) expanding vocational and technical training opportunities to help meet the country's manpower requirements; and (ii) improving the quality, efficiency and coverage of schooling. The programs in the Second Five Year Plan continue to emphasize these general objectives.

34. With respect to meeting manpower requirements, the Government plans to treble the annual number of graduates coming out of the various vocational and technical training schools from 1,600 in 1978 to 4,800 in 1985. This involves a complementary reduction in the number of entrants to academic secondary schools. This objective is both desirable and realistic given the shortages of trained manpower in PDRY (see para. 27).

35. With respect to its second general objective, the Government has revised its original aim of full enrollment for all children in the basic (primary) cycle age-group by 1985 and is discussing the establishment of a more realistic target date of 1995. An immediate objective is the doubling of the number of seven-year olds entering school by 1985. Basic (primary) schooling is to receive 38 percent of total education expenditures under the Second Five Year Plan to help achieve this. It may be difficult to reach this objective as it would require the immediate construction of schools in the remoter villages and a higher female enrollment ratio than is likely to be achieved. During the past five years, the internal efficiency of the system has improved as measured by retention and repeater rates. The development of new curricula, the improvements in teacher upgrading and the production of adequate supplies of textbooks are providing the basis for maintaining and improving quality.

36. Among the Government's other objectives related to education, the program to eliminate illiteracy continues to be stressed. The literacy rate has been improved from about 10 percent in 1970 to an estimated 40 percent a decade later. This has been a major accomplishment due largely to the

emphasis on literacy training in public enterprises and the requirement that everyone seeking employment should have completed eight years of schooling or possess a literacy certificate. However the program could be extended and improved in quality. The Government has abandoned its earlier ambitious target of full adult literacy by 1982 and is now aiming to achieve this goal before the year 2000.

37. University education continues to claim about one-fifth of the education budget. In only ten years of operation, the University of Aden has established six major faculties and in 1980 enrolled nearly 3,500 students. Quantitative expansion is now being wisely limited with a planned optimal enrollment of about 5,000 by 1985. Lack of qualified Yemeni staff to teach at this level is a major constraint which is being recognized and assisted by extensive bilateral fellowship programs.

Past Lending for Education

38. Since 1972, IDA has pursued a dialogue with the MOE which has emphasized the improvement of quality in the formal education system and the provision of vocational and technical training. Lending for education began in 1974 with approval of a US\$ 5.4 million credit (494-YDR). This credit was closed on December 31, 1981, a two year delay. A project completion report is being prepared. Difficulties in negotiating contracts with consultant architects and with UNESCO delayed the start of the project. Architectural design development was interrupted by the introduction of the 1977 educational reforms which required prolonged discussions with the Government to clarify curricular changes and their applicability to project schools. In general, the project successfully extended teacher training opportunities in two regions, introduced pre-vocational curricula in the upper grades of the basic cycle and in two selected secondary schools, trained semi-skilled and skilled workers and initiated rural development activities in semi-nomadic and cooperative farming areas. In retrospect, insufficient equipment has been provided in two skilled worker centers and financing for additional equipment has been arranged by the Government.

39. The second credit (865-YDR) for US\$ 4.0 million became effective in June 1979. Following excessively high bids for two of the three vocational training centers, it was agreed to convert two existing secondary schools into training centers (one agricultural and one industrial). Re-designing delayed the bids on these two conversions by 15 months; civil works bids are currently being evaluated. Construction of the third center, a two-year commercial training center, has proceeded satisfactorily although 10 months behind appraisal estimates. Due to the early delays, disbursements only commenced in May 1981 but are expected to increase substantially by mid-1982 with the award of furniture and equipment contracts and the contracts for conversion of the other two schools. Fellowship provisions under bilateral assistance have been completed satisfactorily. The project is expected to be physically completed by June 1983, about two years behind the original schedule.

40. These two education projects are being implemented satisfactorily by a small project implementation unit established within the MOE. No

expatriates are employed in the unit. The experience gained by the staff, especially in international procurement and in effective working relations with other ministries has been beneficial. The unit is capable of implementing the proposed third project without any additional staff.

PART IV - THE PROJECT

41. The proposed project, the third education project to be assisted by IDA, was prepared by the Government following an IDA identification mission in April 1980 and a subsequent IDA preparation assistance mission in October 1980. The project was appraised in May 1981. Negotiations were held in Washington in February, 1982. The Yemeni delegation was headed by Mr. Obaad, Deputy Minister of Education. A report entitled "People's Democratic Republic of Yemen, Third Education Project, Staff Appraisal Report" (No. 3709-YDR) dated February 25, 1982 has been prepared. A map of PDRY showing project locations is attached. Special conditions in the Development Credit Agreement are summarized in Annex III.

Objectives and Description

42. To date IDA lending has concentrated on supporting the development of technician, and semi-skilled and skilled worker training programs. The proposed project continues this emphasis, but also includes more emphasis on the essential field of teacher training and upgrading. The proposed project, would (i) help alleviate urgent manpower needs by (a) providing buildings and equipment for the vocational training of skilled workers and technicians and (b) improving the methods and data base available to manpower planners; (ii) upgrade the skills and knowledge of existing poorly qualified teachers and increase the output of new primary teachers; and (iii) improve the quality of school buildings by establishing school building maintenance units in two regional education directorates and by determining urgent school furniture and equipment needs.

43. The project would consist of construction, equipment and furniture for (i) a commercial technical institute at Aden (750 places), (ii) an agricultural technical institute at Saber (450 places), (iii) an in-service teacher upgrading center at Aden (630 places), and (iv) a regional primary teacher training institute at Seiyun (590 places). It would also include two fully-equipped mobile building maintenance units together with technical assistance for two studies. Technical assistance relating to the above project items would be financed by the Government through bilateral sources under ongoing programs. The Government would provide full-time teachers and administrators of satisfactory quality and in satisfactory numbers for each of the institutions to be established or expanded under the project (Development Credit Agreement, Section 4.04).

Technical and Vocational Education

44. Two training complexes, one for commercial and the other for agricultural training, are proposed. In Aden a combined commercial technical

institute consisting of a two-year vocational school and a five year technician institute would be constructed, furnished and equipped. Entrants to both the two-year skilled training and the five-year technician level program would be grade 8 graduates. The complex would be located in Khormaksar, a suburb of Aden, near the main business and industrial districts to facilitate practical on-the-job instructional experience and to assist the placement of graduates. The two-year (grade 9-10) program, identical to that financed in Credit 865-YDR, would prepare skilled clerical workers in bookkeeping and secretarial skills. In the five-year (grade 9-13) program, new curricula with accounting and secretarial practice specializations would be prepared with bilateral assistance. The new curricula would contain general studies for the first two years with increasing emphasis on technical skills thereafter. During the final year and in the preceeding summer vacation students would work in local businesses and industry as an internship or practicum. At full capacity, 300 students (about 50 percent female) would be enrolled in the skill training program (about 140 graduates annually) and 450 students (about 30 percent female) in the technician program (about 80 graduates annually). For the two programs no difficulty is anticipated in obtaining the 50 instructors required. Part-time instructors experienced in business practice would teach the more specialized subjects in the technician program. Key teachers would be trained under an extension of the existing bilateral program with the German Democratic Republic. The Government would prepare and submit to IDA for its review, not later than 18 months prior to opening a local instructor training program for the institute, which is scheduled to open in October, 1985 (Development Credit Agreement, Section 3.05).

45. An agricultural technical institute would be constructed, furnished and equipped on the campus of the training school at Saber financed under Credit 865-YDR. The campus is located in an important agricultural area near the IDA-financed Wadi Tuban Agricultural Development Project (Credit 768-YDR), the College of Agriculture of Aden University and a state farm. Arrangements have already been made with the latter for students to use the land and machinery for practical instruction. The courses offered would provide specializations in horticulture, agronomy, and animal production. Following a sound two-year academic program, the final three years increasingly emphasize technical specializations. Entrants would be grade 8 graduates; total enrollment of 450 (about 15 percent female) would supplement the enrollment of 250 (about 20 percent female) in the existing two-year skill level program. This would result in 80 agricultural technician graduates annually. Combining both programs on the same campus would achieve economies in space, equipment and services. Approximately 29 additional teachers recruited from College of Agriculture graduates would be required for the technician program; experienced agriculturalists would be employed to teach specialized topics on a part-time basis. The Government would prepare and submit to IDA for its review not later than 18 months prior to opening a local instructor training program for the institute, which is scheduled to open in October, 1985 (Development Credit Agreement, Section 3.05). About 36 man-months of fellowships and 12 man-months of consultant services would be financed by the Government through bilateral sources under ongoing programs.

Teacher Preparation

46. Two teacher preparation facilities, one in Aden and one in Seiyun, would be financed by the Credit. In Aden a dilapidated primary teacher training institute would be renovated and extended to become a national in-service teacher upgrading center as well as to train a limited number of teachers for the Aden Governorate. At full capacity, it would enroll up to 600 teachers and administrators annually in a variety of short courses, about 150 teachers in a one-year upgrading course and 480 pre-service trainees in a four-year program; about 40 percent of these would be female. New curricula have been prepared and were reviewed by IDA during negotiations. The upgrading programs would initially be designed for teachers with less than 12 years of general schooling but would also assist all teachers in practical orientation to the new curricula in schools. Summer courses would be arranged for the 38 new staff of the center and for staff of all primary teacher training institutes. Together these programs would assist annually in preparing 110 new teachers and in upgrading about 150 teachers in a one-year program, and about 600 teachers and administrators in a variety of short courses. The center would thus become an essential element in the continuing improvement of quality education at all levels. Technical advice to the MOE's directorate of teacher training to assist in the development of curricula, the implementation of the courses and fellowship visits for senior staff would be financed by the Government through bilateral sources under ongoing programs.

47. The proposed primary teacher training institute (PTTI) would be located at Seiyun, the largest city in the Wadi Hadramawt. It would replace an existing institute at Al Mukalla on the coast. The institute would graduate about 120 male teachers annually from a four-year course (equivalent to grade 9-12) in which special attention would be given to teaching in small schools in the remoter regions of three governorates. Because of the unwillingness of females to teach in such remote areas, the most urgent need is to prepare males to teach in remote co-educational village primary schools. The institute would also provide 30 places for underqualified teachers from the region who would receive a one-year upgrading program. About 31 staff would be required to provide an acceptable student-teacher ratio of 19:1. No difficulty is anticipated in ensuring that adequately trained staff would be available.

Mobile Building Maintenance Units

48. Small school building maintenance units have recently been established in the directorates of education in each governorate (see para. 30). Two mobile building maintenance units would be financed under the proposed project as a pilot program for a nationwide school building maintenance system. They would be based in Aden (for the Aden directorate) and in Al Mukalla (for the directorate in the Hadramawt Governorate). They are designed to assist especially those schools which have no maintenance staff of their own, and which cannot call upon local skilled craftsmen.

Studies

49. Two studies are proposed for financing from the Credit. A manpower planning study would aim at improving the Government's capability to forecast specific training requirements in the context of future manpower needs and at providing an occupational classification on which a new wage scale would be based. The Ministry of Labor would be responsible for the study which would require about two man-years of consultant services and 4-1/2 man-years of fellowships. A schools inventory survey would quantify the priority needs for furniture and equipment in schools. The inventory design and training of personnel would be pilot-tested in two regions in order to assess its replicability and its use as a basis for a school location survey for systematic placement of new schools likely to be included in the next five-year plan (1986-90). The survey would be administered by the directorate of planning and statistics in the MOE. About two man-years of consultants services and one man-year of fellowships would be required.

50. For both studies the Government has provided detailed terms of reference and a plan for implementation. The Government would employ consultants for both studies whose selection, qualifications, experience and terms and conditions of employment are satisfactory to IDA and are carried out in accordance with Bank's Use of Consultant Guidelines (Development Credit Agreement, Section 3.02). The Government would appoint trained counterpart staff to work with the consultants by October 31, 1982, that is three months prior to the start of the studies, currently scheduled for January, 1983. Not later than six months after their completion these studies would be forwarded to IDA for its review and comment, and thereafter the measures which are agreed to be appropriate would be implemented (Development Credit Agreement, Section 3.07). The schools inventory study could be considered as a basis for possible future lending.

Technical Assistance

51. Expert/consultant services (4 manyears) and fellowship training abroad (11.5 manyears) as well as six one year fellowships in statistics would be financed by the Government under an ongoing program of bilateral assistance. Short-term visits on a fellowship basis to assist with the carrying out of the studies referred to in paragraph 49, project implementation and technical assistance for the preparation of a fourth Education project are included in the project and would be financed by the IDA credit. Following approval of the proposed short-term visit program by IDA, the Government would appoint suitably qualified people for the program using criteria for selection and award that are acceptable to IDA (Development Credit Agreement, Section 3.07(c)). The Government has completed preparation of the terms of reference for the experts/consultants and of training schedules for the fellowships holders.

Evaluation

52. In order to ensure the continuing relevance of vocational and technical training programs, the Government would ensure that the MOE (i)

maintains adequate consultation with local and other bodies to ensure the continued relevance of curricula; and (ii) uses the evaluation mechanisms, including a tracer study for analysis of job placement, established under the Second Education Project (Credit 865-YDR) to evaluate the relevance of the curricula of the commercial and agricultural institutions to be established under the project to the needs of the pertinent economic sectors and to monitor employment opportunities, and to review the results of the evaluations with IDA. This system would begin in the year that the first students graduate and continue for five years (Development Credit Agreement, Section 3.08).

53. The Government would establish a small evaluation committee within the MOE by March 31, 1984 to review the effectiveness and operation of the two mobile building maintenance units during the first year of operations. Within six months the report of the committee would be forwarded to IDA for its review and comments, following which the Government would implement the agreed recommendations according to a mutually acceptable timetable (Development Credit Agreement, Section 3.06)). This report might form the basis for future lending to extend the system.

Project Implementation

54. The Project Implementation Unit (PIU) in the MOE, which is effectively implementing the first two IDA education projects, would be responsible for the implementation of this project without any additional staff. The PIU would be assisted by the General Directorates of Teacher Training and of Technical and Vocational Education. The Director of External Relations in the Ministry of Labor would be responsible for the manpower planning study. Under agreements signed between the MOE and the Ministry of Construction (MOC), preparation of designs and construction documents for all project institutions, together with supervision of construction, would be carried out by the Design Unit of the MOC. The Unit is adequately staffed with qualified personnel. The Government's Central Board of Audit would forward certified copies of the project accounts as well as an annual audit report to IDA not later than six months after the end of each fiscal year (Development Credit Agreement, Section 4.01(b)). The overall status of project preparation is good; detailed designs for the buildings to be constructed under the project have been completed, initial furniture and equipment lists prepared and outline curricula drawn up.

Project Cost and Financing

55. The total cost of the project, exclusive of import duties and taxes which are not applicable to development projects in PDRY but including contingencies, is estimated at US\$20.6 million, with a foreign exchange cost of \$10.8 million or 52 percent of total project cost. It is based on estimated January 1982 prices. Physical contingencies of 10 percent on furniture, equipment and all civil works are considered adequate due to the simple nature of the civil works involved. Price contingencies on foreign and local costs of civil works are compounded annually at rates respectively of 16 percent and 8.5 percent (1982), 15 percent and 7.5 percent (1983), 15 percent

and 7.5 percent (1984), 14 percent and 7.5 percent (1985), and 13 percent and 6 percent (1986). Total contingencies of \$6.4 million are about 45 percent of the baseline cost. Civil works costs are based on unit prices derived from current contracts for similar institutions, and furniture and equipment costs are also based on current unit prices adjusted appropriately. The cost of technical assistance is based on an average manmonth rate of about \$9,000, including direct costs, travel and per diem costs. The average monthly cost of fellowships is about \$2,500 each, including all travel and subsistence costs. These are appropriate costs for these items in this sector in PDRY.

56. The proposed IDA credit of \$6.0 million, representing about 29 percent of total project costs, would finance 55 percent of the estimated foreign exchange cost. The balance, amounting to \$14.6 million would be financed by the Government including assistance under a bilateral technical assistance program. When fully operational in 1990, the project institutions are estimated to require \$0.16 million annually in recurrent costs, corresponding to about 0.5 percent of projected public recurrent expenditure on education in that year. It is expected that the physical components of the project would be completed by April 1986, and the technical assistance components by December 31, 1986.

Procurement and Disbursements

57. All civil works contracts, which range in size from about \$7.5 million to \$1.1 million and total about \$15.6 million would be awarded on the basis of international competitive bidding in accordance with the Bank's Procurement Guidelines. It is anticipated that all civil works contracts would be awarded to local firms given the relatively simple nature of the works. Bid packages for procurement of furniture and equipment estimated to cost in excess of \$100,000 would also be awarded on the basis of international competitive bidding in accordance with the Bank's Procurement Guidelines. Small items or groups of items of furniture and equipment estimated to cost less than US\$100,000 or items of a specialized nature for which international competitive bidding would not be practical, would be procured under normal government procedures which are satisfactory to IDA and would include, to the extent possible, quotations from at least three manufacturers or suppliers. The total value of furniture and equipment so procured would not exceed US\$0.3 million equivalent.

58. In the evaluation of furniture and equipment bid under international competitive bidding, local manufacturers would be allowed a margin of preference in comparison with foreign bids, equal to the existing rate of customs duties applicable to competing imports or 15 percent of the c.i.f. price, whichever is lower.

59. The proposed credit would be disbursed on the basis of 17 percent of total expenditures for civil works; for furniture and equipment, 100 percent of foreign expenditures for directly imported items, 100 percent of local expenditures ex-factory for locally manufactured items and 85 percent of local expenditures for items procured locally off-the-shelf; and for technical assistance, 100 percent of total expenditures.

Benefits

60. Continuing the work of previous education projects the proposed project would reinforce the Government's efforts to expand and strengthen coeducational vocational and technical education. Not only would regional imbalances, especially in teacher training, be alleviated but a much-needed impetus would be given to in-service teacher upgrading throughout the country. All of the institutions in the project would benefit from the development of new curricula. In pre-vocational training the incorporation of an internship or practicum period of training on-the-job is seen as a major innovation which is likely not only to increase practical competence but to improve relations between the employers and the training entities. Substantial benefits are also expected from the initiation of a school building maintenance system which can be replicated and is likely to provide an essential impetus to school maintenance operations. The studies would provide the Government with more effective planning mechanisms and a detailed assessment of school furniture and equipment needs.

Risks

61. The proposed project does not face any special risks in its implementation because the experienced staff of the PIU have demonstrated their capability to implement similar project items successfully. Because delays occurred under the first two education projects as a result of delays in completing designs, the Government and IDA have paid close attention to the timely completion of detailed designs and bid documents under the proposed project. These documents are at an advanced stage of preparation, and this risk is now minimized.

PART V - LEGAL INSTRUMENTS AND AUTHORITY

62. The draft Development Credit Agreement between the People's Democratic Republic of Yemen and the Association, and the Recommendation of the Committee provided for in Article V, Section 1(d) of the Articles of Agreement of the Association are being distributed to the Executive Directors separately. Special conditions of the project are listed in Section III of Annex III.

63. I am satisfied that the proposed credit would comply with the Articles of Agreement of the Association.

PART VI - RECOMMENDATION

64. I recommend that the Executive Directors approve the proposed credit.

A. W. Clausen
President

By
Moeen A. Qureshi

Attachments
March 12, 1982
Washington, D.C.

TABLE 3A
YEMEN PDR - SOCIAL INDICATORS DATA SHEET

LAND AREA (THOUSAND SQ. KM.)	YEMEN PDR			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) ^{1/2}	
	TOTAL	MOST RECENT		MIDDLE INCOME	MIDDLE INCOME
		1960 ^{1/b}	1970 ^{1/b}	ESTIMATE ^{1/b}	NORTH AFRICA & MIDDLE EAST	LATIN AMERICA & CARIBBEAN
TOTAL	333.0				
AGRICULTURAL	93.3				
GNP PER CAPITA (US\$)	..	..	420.0 ^{1/1}	865.5	1616.2
ENERGY CONSUMPTION PER CAPITA (KILOGRAMS OF COAL EQUIVALENT)	236.5	274.0	545.4	758.3	1324.1
POPULATION AND VITAL STATISTICS					
POPULATION, MID-YEAR (THOUSANDS)	1252.0	1508.0	1855.0	.	.
URBAN POPULATION (PERCENT OF TOTAL)	28.0	32.1	36.4	45.2	64.2
POPULATION PROJECTIONS					
POPULATION IN YEAR 2000 (MILLIONS)			3.1	.	.
STATIONARY POPULATION (MILLIONS)			8.0	.	.
YEAR STATIONARY POPULATION IS REACHED			2110	.	.
POPULATION DENSITY					
PER SQ. KM.	3.8	4.5	5.6	36.3	34.3
PER SQ. KM. AGRICULTURAL LAND	14.0	16.0	19.4	442.7	96.5
POPULATION AGE STRUCTURE (PERCENT)					
0-14 YRS.	44.8	45.5	46.6	44.2	40.7
15-64 YRS.	52.3	51.9	50.8	52.4	55.3
65 YRS. AND ABOVE	2.9	2.6	2.6	3.4	4.0
POPULATION GROWTH RATE (PERCENT)					
TOTAL	1.9	1.9/c	2.3/c	2.7	2.4
URBAN	5.8	3.2	3.7	4.6	3.7
CRUDE BIRTH RATE (PER THOUSAND)	50.4	48.5	46.4	41.5	31.4
CRUDE DEATH RATE (PER THOUSAND)	28.6	24.0	20.0	12.8	8.4
GROSS REPRODUCTION RATE	3.7	3.8	3.3	2.9	2.3
FAMILY PLANNING					
ACCEPTORS, ANNUAL (THOUSANDS)	..	..	..	.	.
USERS (PERCENT OF MARRIED WOMEN)	..	..	..	..	..
FOOD AND NUTRITION					
INDEX OF FOOD PRODUCTION PER CAPITA (1969-71=100)	100.0	92.0	103.0	96.3	108.3
PER CAPITA SUPPLY OF CALORIES (PERCENT OF REQUIREMENTS)					
REQUIREMENTS)	84.0	91.0	81.0	110.4	107.6
PROTEINS (GRAMS PER DAY)	51.0	53.0	55.0	73.4	65.8
OF WHICH ANIMAL AND PULSE	18.0	16.0	18.0	17.1	34.0
CHILD (AGES 1-4) MORTALITY RATE	53.9	42.8	34.1	14.9	7.6
HEALTH					
LIFE EXPECTANCY AT BIRTH (YEARS)	36.2	40.6	44.9	55.9	64.1
INFANT MORTALITY RATE (PER THOUSAND)	..	..	..	..	70.9
ACCESS TO SAFE WATER (PERCENT OF POPULATION)					
TOTAL	..	..	24.0	59.4	65.7
URBAN	..	..	30.0	83.9	79.7
RURAL	..	..	5.0	40.8	43.9
ACCESS TO EXCRETA DISPOSAL (PERCENT OF POPULATION)					
TOTAL	..	..	..	..	59.9
URBAN	..	..	..	..	75.7
RURAL	..	..	..	..	30.4
POPULATION PER PHYSICIAN	13758.2	34261.9	7759.7	4174.5	1728.2
POPULATION PER NURSING PERSON	..	..	1617.7	1780.5	1288.2
POPULATION PER HOSPITAL BED	..	..	..	..	..
TOTAL	1154.0	978.0	647.8	647.4	471.2
URBAN	..	..	321.8	547.2	558.0
RURAL	..	..	4073.0	3361.1	..
ADMISSIONS PER HOSPITAL BED	..	..	33.3	25.3	..
HOUSING					
AVERAGE SIZE OF HOUSEHOLD					
TOTAL	..	..	..	..	..
URBAN	..	..	..	..	..
RURAL	..	..	..	..	..
AVERAGE NUMBER OF PERSONS PER ROOM					
TOTAL	..	..	..	..	..
URBAN	..	..	..	..	..
RURAL	..	..	..	..	..
ACCESS TO ELECTRICITY (PERCENT OF DWELLINGS)					
TOTAL	..	..	22.0/d	..	..
URBAN	..	..	57.6/d	..	..
RURAL	..	..	1.6/d	..	..

TABLE 3A
YEMEN PDR - SOCIAL INDICATORS DATA SHEET

	YEMEN PDR			REFERENCE GROUPS (WEIGHTED AVERAGES - MOST RECENT ESTIMATE) ^{/a}	
	1960 ^{/b}	MOST RECENT		MIDDLE INCOME NORTH AFRICA & MIDDLE EAST	MIDDLE INCOME LATIN AMERICA & CARIBBEAN
		1970 ^{/b}	ESTIMATE ^{/b}		
EDUCATION					
ADJUSTED ENROLLMENT RATIOS					
PRIMARY: TOTAL	13.0	57.0	72.0	85.1	101.7
MALE	20.0	91.0	92.0	101.5	103.0
FEMALE	5.0	23.0	51.0	67.5	101.5
SECONDARY: TOTAL	5.0	10.0	28.0	38.0	35.3
MALE	8.0	16.0	42.0	48.1	34.9
FEMALE	2.0	4.0	15.0	28.3	35.6
VOCATIONAL ENROL. (% OF SECONDARY)	5.0	3.0	2.0	11.3	30.1
PUPIL-TEACHER RATIO					
PRIMARY	29.0	31.0	34.0	34.9	29.6
SECONDARY	21.0	20.0	21.0	23.8	15.7
ADULT LITERACY RATE (PERCENT)	..	27.1 ^{/e}	..	43.0	80.0
CONSUMPTION					
PASSENGER CARS PER THOUSAND POPULATION					
	9.0	6.8	6.9	18.3	42.6
RADIO RECEIVERS PER THOUSAND POPULATION					
	47.9	51.7	57.9	121.0	215.0
TV RECEIVERS PER THOUSAND POPULATION					
	2.5	13.9	18.2	37.4	89.0
NEWSPAPER ("DAILY GENERAL INTEREST") CIRCULATION PER THOUSAND POPULATION					
	..	1.0	7.0	35.9	62.8
CINEMA ANNUAL ATTENDANCE PER CAPITA					
	..	2.4	..	3.0	3.2
LABOR FORCE					
TOTAL LABOR FORCE (THOUSANDS)					
	342.2	395.1	452.8	.	.
FEMALE (PERCENT)					
	4.0	4.9	5.6	10.5	22.6
AGRICULTURE (PERCENT)					
	70.0	65.0	47.1	43.5	35.0
INDUSTRY (PERCENT)					
	15.0	17.0	15.3	27.3	23.2
PARTICIPATION RATE (PERCENT)					
TOTAL	27.3	26.2	24.4	26.4	31.8
MALE	52.0	49.9	46.5	47.0	49.0
FEMALE	2.2	2.5	2.7	5.7	14.6
ECONOMIC DEPENDENCY RATIO	1.7	1.8	2.0	1.8	1.4
INCOME DISTRIBUTION					
PERCENT OF PRIVATE INCOME RECEIVED BY					
HIGHEST 5 PERCENT OF HOUSEHOLDS	..	..	..	..	..
HIGHEST 20 PERCENT OF HOUSEHOLDS	..	..	..	..	..
LOWEST 20 PERCENT OF HOUSEHOLDS	..	..	..	..	..
LOWEST 40 PERCENT OF HOUSEHOLDS	..	..	..	..	..
POVERTY TARGET GROUPS					
ESTIMATED ABSOLUTE POVERTY INCOME LEVEL (US\$ PER CAPITA)					
URBAN	..	..	..	271.4	..
RURAL	..	..	140.0	144.6	187.6
ESTIMATED RELATIVE POVERTY INCOME LEVEL (US\$ PER CAPITA)					
URBAN	..	..	90.0	400.8	513.9
RURAL	..	..	87.0	290.9	362.2
ESTIMATED POPULATION BELOW ABSOLUTE POVERTY INCOME LEVEL (PERCENT)					
URBAN	..	..	..	22.1	..
RURAL	..	..	20.0	29.2	..

.. Not available
. Not applicable.

NOTES

^{/a} The group averages for each indicator are population-weighted arithmetic means. Coverage of countries among the indicators depends on availability of data and is not uniform.

^{/b} Unless otherwise noted, data for 1960 refer to any year between 1959 and 1961; for 1970, between 1969 and 1971; and for Most Recent Estimate, between 1976 and 1979.

^{/c} Birth and death rates are crude estimates. The natural rate of increase does not agree with observed population growth rate; ^{/d} percent of population; ^{/e} age 10 years and over, for 1973.

DEFINITIONS OF SOCIAL INDICATORS

Notes: Although the data are drawn from sources generally judged the most authoritative and reliable, it should also be noted that they may not be internationally comparable because of the lack of standardized definitions and concepts used by different countries in collecting the data. The data are, nonetheless, useful to describe orders of magnitude, indicate trends, and characterize certain major differences between countries.

The reference groups are (1) the same country group of the subject country and (2) a country group with somewhat higher average income than the country group of the subject country (except for "Capital Surplus Oil Exporters" group where "Middle Income North Africa and Middle East" is chosen because of stronger socio-cultural affinities). In the reference group data the averages are population weighted arithmetic means for each indicator and shown only when majority of the countries in a group has data for that indicator. Since the coverage of countries among the indicators depends on the availability of data and is not uniform, caution must be exercised in relating averages of one indicator to another. These averages are only useful in comparing the value of one indicator at a time among the country and reference groups.

LAND AREA (thousand sq. km.)

Total - Total surface area comprising land area and inland waters.
Agricultural - Rastimate of agricultural area used temporarily or permanently for crops, pastures, market and kitchen gardens or to lie fallow; 1978 data.

GDP PER CAPITA (US\$) - GDP per capita estimates at current market prices, calculated by same conversion method as World Bank Atlas (1977-79 basis); 1960, 1970, and 1979 data.

ENERGY CONSUMPTION PER CAPITA - Annual consumption of commercial energy (coal and lignite, petroleum, natural gas and hydro-, nuclear and geothermal electricity) in kilograms of coal equivalent per capita; 1960, 1970, and 1979 data.

POPULATION AND VITAL STATISTICS

Total Population, Mid-Year (Thousands) - As of July 1; 1960, 1970, and 1979 data.

Urban Population (percent of total) - Ratio of urban to total population; different definitions of urban areas may affect comparability of data among countries; 1960, 1970, and 1979 data.

Population Projection

Population in year 2000 - Current population projections are based on 1980 total population by age and sex and their mortality and fertility rates. Projection parameters for mortality rates comprise of three levels assuming life expectancy at birth increasing with country's per capita income level, and female life expectancy stabilizing at 77.5 years. The parameters for fertility rate also have three levels assuming decline in fertility according to income level and past family planning performance. Each country is then assigned one of these nine combinations of mortality and fertility trends for projection purposes.

Stationary population - In a stationary population there is no growth since the birth rate is equal to the death rate, and also the age structure remains constant. This is achieved only after fertility rates decline to the replacement level of unit net reproduction rate, when each generation of women replaces itself exactly. The stationary population size was estimated on the basis of the projected characteristics of the population in the year 2000, and the rate of decline of fertility rate to replacement level.

Year stationary population is reached - The year when stationary population size has been reached.

Population Density

Per sq. km. - Mid-year population per square kilometer (100 hectares) of total area; 1960, 1970 and 1979 data.

Per sq. km. agricultural land - Computed as above for agricultural land only; 1960, 1970 and 1979 data.

Population Age Structure (percent) - Children (0-14 years), working-age (15-64 years), and retired (65 years and over) as percentages of mid-year population; 1960, 1970, and 1979 data.

Population Growth Rate (percent) - Annual growth rates of total mid-year population; 1960-69, 1969-70, and 1970-79.

Population Growth Rate (percent) - urban - Annual growth rates of urban populations for 1950-60, 1960-70, and 1970-79.

Crude Birth Rate (per thousand) - Annual live births per thousand of mid-year population; 1960, 1970, and 1979 data.

Crude Death Rate (per thousand) - Annual deaths per thousands of mid-year population; 1960, 1970, and 1979 data.

Gross Reproduction Rate - Average number of daughters a woman will bear in her normal reproductive period if she experiences present age-specific fertility rates; usually five-year averages ending in 1960, 1970, and 1979.

Family Planning - Acceptors, Annual (thousands) - Annual number of acceptors of birth-control devices under auspices of national family planning program.

Family Planning - Users (percent of married women) - Percentage of married women of child-bearing age (15-44 years) who use birth-control devices to all married women in same age group.

FOOD AND NUTRITION

Index of Food Production per Capita (1969=100) - Index of per capita annual production of all food commodities. Production excludes seed and feed and is on calendar year basis. Commodities cover primary goods (e.g. sugarcane instead of sugar) which are edible and contain nutrients (e.g. coffee and tea are excluded). Aggregate production of each country is based on national average producer price weights; 1961-65, 1970, and 1979 data.

Per capita supply of calories (percent of requirement) - Computed from energy equivalent of net food supplies available in country per capita per day. Available supplies comprise domestic production, imports less exports, and changes in stock. Net supplies exclude animal feed, seeds, quantities used in food processing, and losses in distribution. Requirements were estimated by FAO based on physiological needs for normal activity and health considering environmental temperature, body weight, age and sex distribution of population, and allowing 10 percent for waste at household level; 1961-65, 1970, and 1977 data.

Per capita supply of protein (grams per day) - Protein content of per capita net supply of food per day. Net supply of food is defined as above. Requirements for all countries established by USDA provide for minimum allowance of 60 grams of total protein per day and 20 grams of animal and pulse protein, of which 10 grams should be animal protein. These standards are lower than those of 75 grams of total protein and 23 grams of animal protein as an average for the world, proposed by FAO in the Third World Food Survey; 1961-65, 1970 and 1977 data.

Per capita protein supply from animal and pulse - Protein supply of food derived from animals and pulses in grams per day; 1961-65, 1970 and 1977 data.

Child (ages 1-4) Mortality Rate (per thousand) - Annual deaths per thousand in age group 1-4 years, to children in this age group; for most developing countries data derived from life tables; 1960, 1970 and 1979 data.

HEALTH

Life Expectancy at Birth (years) - Average number of years of life remaining at birth; 1960, 1970 and 1979 data.

Infant Mortality Rate (per thousand) - Annual deaths of infants under one year of age per thousand live births.

Access to Safe Water (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) with reasonable access to safe water supply (includes treated surface waters or untreated but uncontaminated water such as that from protected boreholes, springs, and sanitary wells) as percentages of their respective populations. In an urban area a public fountain or standpost located not more than 200 meters from a house may be considered as being within reasonable access of that house. In rural areas reasonable access would imply that the housewife or members of the household do not have to spend a disproportionate part of the day in fetching the family's water needs.

Access to Excreta Disposal (percent of population) - total, urban, and rural - Number of people (total, urban, and rural) served by excreta disposal as percentages of their respective populations. Excreta disposal may include the collection and disposal, with or without treatment, of human excreta and waste-water by water-borne systems or the use of pit privies and similar installations.

Population per Physician - Population divided by number of practicing physicians qualified for a medical school at university level.

Population per Nursing Person - Population divided by number of practicing male and female graduate nurses, practical nurses, and assistant nurses.

Population per Hospital Bed - total, urban, and rural - Population (total, urban, and rural) divided by their respective number of hospital beds available in public and private general and specialized hospital and rehabilitation centers. Hospitals are establishments permanently staffed by at least one physician. Establishments providing principally custodial care are not included. Rural hospitals, however, include health and medical centers not permanently staffed by a physician (but by a medical assistant, nurse, midwife, etc.) which offer in-patient accommodation and provide a limited range of medical facilities. For statistical purposes urban hospitals include WHO's principal/general hospitals, and rural hospitals local or rural hospitals and medical and maternity centers. Specialized hospitals are included only under total.

Admissions per Hospital Bed - Total number of admissions to or discharges from hospitals divided by the number of beds.

HOUSING

Average Size of Household (persons per household) - total, urban, and rural -

A household consists of a group of individuals who share living quarters and their main meals. A boarder or lodger may or may not be included in the household for statistical purposes.

Average number of persons per room - total, urban, and rural - Average number of persons per room in all urban, and rural occupied conventional dwellings, respectively. Dwellings exclude non-permanent structures and unoccupied parts.

Access to Electricity (percent of dwellings) - total, urban, and rural - Conventional dwelling with electricity in living quarters as percentage of total, urban, and rural dwellings respectively.

EDUCATION

Adjusted Enrollment Ratios

Primary school - total, male and female - Gross total, male and female enrollment of all ages at the primary level as percentage of respective primary school-age populations; normally includes children aged 5-11 years but adjusted for different lengths of primary education; for countries with universal education enrollment may exceed 100 percent since some pupils are below or above the official school age.

Secondary school - total, male and female - Computed as above; secondary education requires at least four years of approved primary instruction; provides general, vocational, or teacher training instructions for pupils usually of 12 to 17 years of age; correspondence courses are generally excluded.

Vocational enrollment (percent of secondary) - Vocational institutions include technical, industrial, or other programs which operate independently or as departments of secondary institutions.

Pupil-teacher ratio - primary and secondary - Total students enrolled in primary and secondary levels divided by numbers of teachers in the corresponding levels.

Adult literacy rate (percent) - Literate adults (able to read and write) as a percentage of total adult population aged 15 years and over.

CONSUMPTION

Passenger Cars (per thousand population) - Passenger cars comprise motor cars seating less than eight persons; excludes ambulances, hearses and military vehicles.

Radio Receivers (per thousand population) - All types of receivers for radio per thousand of population; excludes unlicensed receivers in countries and in years when registration of radio sets was in effect; data for recent years may not be comparable since most countries abolished licensing.

TV Receivers (per thousand population) - TV receivers for broadcast to general public per thousand population; excludes unlicensed TV receivers in countries and in years when registration of TV sets was in effect.

Newspaper Circulation (per thousand population) - Shows the average circulation of "daily general interest newspaper", defined as a periodical publication devoted primarily to recording general news. It is considered to be "daily" if it appears at least four times a week.

Cinema Annual Attendance per Capita per Year - Based on the number of tickets sold during the year, including admissions to drive-in cinemas and mobile units.

LABOR FORCE

Total Labor Force (thousands) - Economically active persons, including armed forces and unemployed but excluding housewives, students, etc., covering population of all ages. Definitions in various countries are not comparable; 1960, 1970 and 1979 data.

Female (percent) - Female labor force as percentage of total labor force. Agriculture (percent) - Labor force in farming, forestry, hunting and fishing as percentage of total labor force; 1960, 1970 and 1979 data.

Industry (percent) - Labor force in mining, construction, manufacturing and electricity, water and gas as percentage of total labor force; 1960, 1970 and 1979 data.

Participation Rate (percent) - total, male, and female - Participation or activity rates are computed as total, male, and female labor force as percentages of total, male and female population of all ages respectively; 1960, 1970, and 1979 data. These are based on ILO's participation rates reflecting age-sex structure of the population, and long time trend. A few estimates are from national sources.

Economic Dependency Ratio - Ratio of population under 15 and 65 and over to the total labor force.

INCOME DISTRIBUTION

Percentage of Private Income (both in cash and kind) - Received by richest 5 percent, richest 20 percent, poorest 20 percent, and poorest 40 percent of households.

POVERTY TARGET GROUPS

The following estimates are very approximate measures of poverty levels, and should be interpreted with considerable caution.
Estimated Absolute Poverty Income Level (US\$ per capita) - urban and rural - Absolute poverty income level is that income level below which a minimal nutritionally adequate diet plus essential non-food requirements is not affordable.

Estimated Relative Poverty Income Level (US\$ per capita) - urban and rural - Rural relative poverty income level is one-third of average per capita personal income of the country. Urban level is derived from the rural level with adjustment for higher cost of living in urban areas.

Estimated Population Below Absolute Poverty Income Level (percent) - urban and rural - Percent of population (urban and rural) who are "absolute poor".

PDRY: ECONOMIC INDICATORS

NATIONAL ACCOUNTS

	1980		
	US\$ mln	%	
GNP at market prices	853	100	
Gross Domestic Investment	249	29	
Gross National Savings	-17	-2	
Export of goods and NFS	96	11	Annual Rate of Growth (%) (constant prices) <u>1974/79</u>
Imports of goods and NFS	696	81	
GDP at factor cost	570	100	6
of which:			
Agriculture & Fisheries	74	13	0
Industry	81	14	9
Construction	78	13	23
Transport	87	15	12
Government Services	140	23	7

GOVERNMENT FINANCE

(in millions Yemeni Dinars)	<u>1974/75</u>	<u>1975^{1/}</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>Budget Estimates 1980</u>
Total receipts ^{2/}	23.6	16.9	32.1	43.4	56.0	68.0	107.2
Current expenditures	27.6	25.6	39.2	47.4	61.4	76.2	96.0
Current deficit	-4.0	-8.7	-7.1	-4.0	-5.4	-8.2	11.2
Development expenditures	19.6	18.9	39.2	57.3	59.7	52.0	74.2
Overall deficit	-23.6	-27.6	-46.3	-61.3	-65.1	-60.2	-63.0
Borrowing from Banking System	10.4	12.5	15.6	18.5	13.2	27.6	19.0
External Financing	13.2	15.1	30.7	42.8	51.9	32.6	44.0

MONEY, CREDIT AND PRICES

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Y.D. million, end period							
Money and quasi-money	55	67	98	140	168	217	256
Bank credit to Government	24	37	62	72	87	110	127
Bank credit to non-Government Sector ^{3/}	19	24	31	49	59	61	98
Increase in %							
Consumer prices	24	12	4	5	6	10	11

^{1/} The fiscal year was April 1 - March 31 until March 31, 1975 when it became April 1 - December 31, 1975 and thereafter is on a calendar year basis.

^{2/} Includes current and development revenues from domestic sources and self-financing of public enterprises.

^{3/} Mostly public sector agencies.

<u>BALANCE OF PAYMENTS (US\$ million)</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Exports <u>1/</u>	8	8	26	24	17	20	38
Imports <u>1/</u>	-190	-178	-268	-365	-386	-411	-650
<u>Trade Deficit</u>	<u>-182</u>	<u>-170</u>	<u>-242</u>	<u>-341</u>	<u>-369</u>	<u>-391</u>	<u>-612</u>
Non-factor Services, net	22	14	20	10	17	14	14
Factor Services, net	48	18	43	76	111	142	176
Labor Income	(41)	(15)	(37)	(69)	(103)	(131)	(146)
Investment Income	(7)	(3)	(6)	(7)	(8)	(11)	(30)
<u>Current Account Deficit</u>	<u>-112</u>	<u>-138</u>	<u>-179</u>	<u>-255</u>	<u>-241</u>	<u>-235</u>	<u>-421</u>
Transfers	<u>1</u>	<u>52</u>	<u>125</u>	<u>174</u>	<u>191</u>	<u>205</u>	<u>284</u>
Official	1	10	46	55	36	23	83
Private <u>2/</u>	--	42	79	119	155	182	201
Official M and Lt Capital, net	<u>65</u>	<u>31</u>	<u>73</u>	<u>70</u>	<u>94</u>	<u>59</u>	<u>76</u>
Gross Disbursements	(65)	(32)	(75)	(71)	(95)	(64)	(86)
Repayments	(0)	(-1)	(-2)	(-1)	(-1)	(-5)	(-10)
Other Capital (incl. E & O)	38	42	4	29	45	-8	86
Changes in Official Reserves (- = increase)	8	13	-27	-18	-89	-22	-24
Memo Item:							
Gross Official Reserves (end year)	67	54	81	99	188	210	234

MERCHANDISE EXPORTS

	<u>Average 1978-79</u>	
	<u>US\$ Million</u>	<u>Percent</u>
Fish and Fish Products	9	47
Agricultural Products	8	42
Other	<u>2</u>	<u>11</u>
	<u>19</u>	<u>100</u>

EXTERNAL DEBT (DECEMBER 31, 1980)

	<u>US\$ Million</u>
External Public Debt Outstanding	1,241
of which: Disbursed	499
Debt Service Payments in 1980	15
Debt Service Ratio (Exports of Goods and Services)	4.4 Percent

1/ Net of re-exports.

2/ Workers' remittances.

THE STATUS OF BANK GROUP OPERATIONS
IN THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

A. Statement of IDA Credits
(As of September 30, 1981)

<u>Credit No.</u>	<u>Year</u>	<u>Borrower</u>	<u>Purpose</u>	<u>---- \$ Million ----</u>	
				<u>(less cancellations)</u>	<u>Amount</u>
				<u>IDA</u>	<u>Undisbursed</u>
Two credits fully disbursed				5.1	
370-1 YDR	1973	PDRY	Fisheries	1.6	0.02
494- YDk	1975	PDRY	Education I	5.4	0.6
560- YDR	1975	PDRY	Highways II	15.5	1.1
584- YDk	1976	PDRY	Aden Port Rehabilitation	3.2	0.9
615- YDR	1976	PDRY	Wadi Hadramawt Agric. Proj	7.0	1.1
768- YDk	1978	PDRY	Wadi Tuban Agric. Proj	5.2	3.1
829- YDR	1978	PDRY	Power	5.0	1.6
865- YDR	1978	PDRY	Education II	4.0	3.6
932- YDR	1979	PDRY	Fisheries II	10.0	9.5
1038- YDk	1980	PDRY	Aden Water Supply	13.2	12.1
1050- YDR	1980	PDRY	Petroleum Dev. Assistance	9.0	8.9
1144- YDk	1981	PDRY	Highways III	12.5	11.8
1145- YDR	1981	PDRY	Wadi Beihan Agric. Proj.	8.0 ^{1/}	8.0
1159- YDR	1981	PDRY	Al Mukalla Water Supply	3.5	3.5
Total				108.2 ^{2/}	65.82
of which has been repaid					
Total now held by IDA				<u>108.2</u> ^{3/}	
Total undisbursed					<u>65.82</u>

^{1/} Not yet effective.

^{2/} Including two engineering credits subsequently refinanced under Credits 560 and 1038.

^{3/} Excluding exchange adjustments.

C. Projects in Execution 1/

Ck. No. 370-YDR Fisheries Project: \$3.5 million Credit of April 12, 1973; Effective Date: February 14, 1974; and \$1.6 million Supplementary Credit of February 6, 1975; Effectiveness Date: February 14, 1974; Closing Date: September 30, 1981

The project has been completed and the credit is fully disbursed. The major component, the fish cold store and freezing facility at Mukalla became operational, after a two-year delay, in June 1978. The delay was primarily due to the difficulties encountered in finding a suitable project manager and cost overruns requiring supplemental financing, which was approved by the Association in January 1975. The smaller receiving station at Shihr is now fully operational, and the 100 fishing vessels financed under the credit have all been delivered.

Ck. No. 494-YDR Education I Project: \$5.4 million Credit Approved July 12, 1974; Effectiveness Date: February 5, 1975; Closing Date: December 31, 1981

This credit is assisting the Government in making qualitative improvements in the educational system and in meeting priority manpower needs. Implementation is proceeding satisfactorily but is about two years behind appraisal estimate due to (i) initial delays in declaring the credit effective and in the negotiations of contracts with UNESCO and the consultant architects; (ii) more recent delays arising from curricula revisions affecting design completion; and (iii) shortages of labor and materials which have delayed construction. Five of the ten institutions, including two previously completed extensions, were ready for the 1980-81 academic year. The remaining institutions were completed in mid 1981. About 98 percent of the equipment has been received, and together with furniture, is being delivered and installed in project institutions as they are completed. Final withdrawal applications are being processed.

Ck. No. 560-YDR Second Highway Project: \$15.5 million Credit of June 20, 1975; Effectiveness Date: September 17, 1975; Closing Date: June 30, 1982.

This project is financed jointly with the Kuwait Fund for Arab Economic Development. Since international competitive bidding for the construction element of the project produced no responsible bids, arrangements were made

1/ These notes are designed to inform the Executive Directors regarding the progress of projects in execution, and in particular to report any problems which are being encountered, and the action being taken to remedy them. They should be read in this sense, and with the understanding that they do not purport to present a balanced evaluation of strengths and weaknesses in project execution.

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for the works to be carried out by a government construction unit which is assisted by the UK Crown Agents. Because of the remoteness of the project area and the concomitant logistic problems, the severe shortage of domestic skilled manpower and the lower than expected output from construction equipment due to particularly harsh construction conditions, implementation of the civil works is about three years behind appraisal estimates. However, considering these difficulties, construction of the road (358 km) started in March 1976 is making satisfactory progress and is approximately 80 percent complete. Likewise, total project cost is now estimated to be about 67 percent over the appraisal estimate as a result of the extra quantities of rock that had to be excavated, the additional drainage and protective works needed because of floods and the general increase in the price of construction equipment and materials. Construction and road maintenance equipment have been procured. Consultants (Dorsch-Germany) have completed the economic studies and the final engineering of the Naqabah-Beiha roads. Consultants (Sotegni-Italy) have completed the technical assistance component and the overseas training program has been completed with six Yemeni engineers having completed 9-12 months training courses (4 in the UK and 2 in West Germany). The project is expected to be completed by June, 1983.

Ck. No. 584-YDK Aden Port Rehabilitation Project: \$3.2 million Credit of September 8, 1975; Effectiveness Date: February 3, 1976; Closing Date: March 1, 1982

The project which is being cofinanced by the Arab Fund for Economic and Social Development is assisting the PDRY Government in rehabilitating the port of Aden to reattract traffic passing through the reopened Suez Canal. The project provides for (a) the procurement of floating craft, cargo-handling, workshop and navigation equipment, spares and stocks; (b) rehabilitation of the slipway for the National Dockyard Company; and (c) technical assistance. All equipment except some navigational items have been received and most are already in use, although there has been a substantial delay in the rehabilitation of the slipway. A cost accountant and a marine engineer have been appointed. There was a savings of \$850,000 in the purchase of floating craft and IDA agreed that this can be used to purchase containers handling equipment required for the port. This equipment has been delivered and final withdrawal applications are being processed.

Ck. No. 615-YDK Wadi Hadramawt Agricultural Project: \$7.0 million Credit of April 22, 1976; Effectiveness Date: September 16, 1976; Closing Date: December 31, 1982

The project aims at increasing agricultural production on about 8,100 ha of irrigated land in the Wadi through the adoption of improved cultural practices and the provision of agricultural equipment and supplies, construction of feeder roads and extension services. It also includes provision for a date packing plant and a rural water supply component, and funds for a hydrogeological survey and feasibility study for increased groundwater use.

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The date packing plant has been completed, the rural road component is progressing satisfactorily, but the pace of village water supply works has been slow. The hydrogeological survey and feasibility study have since been completed and form the basis for a second phase project aiming at intensification of irrigation on about 3,700 ha.

Initial problems, with staff recruitment and retention, delayed execution of the project by about two years. High cost of labor, inefficient tractor services, marketing restrictions, and pricing policy of the agricultural produce have been impediments to increased production. Government has recently taken steps to improve its agricultural pricing and subsidy policy, and a consultant's study (financed under Credit No. 768- YDR/Wadi Tuban Agricultural Project) on agricultural prices, taxation and subsidy has been completed and is under discussion with a view to improving these policies. The increased availability of the agricultural machinery purchased under the project and improvement in pricing and marketing policy of the agricultural produce would assist in achieving the project's objectives.

Ck. No. 768-YDR Wadi Tuban Agricultural Project: US\$5.2 million Credit of March 22, 1978; Effectiveness Date: April 25, 1979; Closing Date: June 30, 1983

The project seeks to improve agricultural production on cooperatives and state farms through an increased use of inputs, improved practices and the construction of an improved groundwater irrigation network. Inputs and farm machinery are to be provided through credit. An expatriate project manager is under recruitment but all other technical assistance staff is now on post. A water management study and an agricultural prices, taxation and subsidy policy study has been completed. Construction of a village water supply scheme is well advanced and survey work for feeder roads was started. The Arab Fund, which cofinances this project, approved its loan of \$6.1 million in February 1980. With a total area of 7,000 ha, the project has 36,000 principal beneficiaries, while the water supply scheme would benefit about 6,000 persons.

Ck. No. 829-YDR Wadi Hadramawt Power Project: \$5.0 million Credit of July 14, 1978; Effectiveness Date: September 18, 1979; Closing Date: December 31, 1984

The project is providing an impetus to agricultural development in Wadi Hadramawt by electrifying all irrigation water pumping in the Wadi through the erection of a 16-MW diesel generating plant and the construction of about 1,000 km of related transmission and distribution networks. Institution-building objectives would be achieved through technical assistance comprising training of the power company's (PCEP) personnel, and consultants' services for a tariff study, and a power development study. Soil testing of the project site has been completed, the contract for equipment and materials has been awarded and erection of the plant, although one year behind schedule because of skilled manpower shortages, is underway. The tariff study is completed and the Government increased tariffs by an average 27 percent effective September 1, 1981. Discussions with PCEP on its manpower development program are at an advanced stage.

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Ck. No. 865-YDK Education II Project: \$4.0 million Credit Approved
December 14, 1978; Effectiveness Date: June 18, 1979;
Closing Date: December 31, 1984.

The project will assist the Government in establishing three vocational training centers (VTCs) which would be the forerunner of VTCs to be constructed in other parts of the country to train urgently needed skilled and semi-skilled workers. The project consists of construction of an industrial, an agricultural and a commercial training center, and the procurement of furniture and equipment. Arrangements for fellowships to be financed from bilateral funds have been completed. Construction of the commercial VTC in Mukalla started in June 1980, about 11 months behind the appraisal estimate due to delays in designs and tender, and is now expected to be completed in Summer 1982. With IDA's approval, two existing schools are being converted into agricultural and industrial VTCs in lieu of constructing two new VTCs. The redesign work caused a delay of approximately 15 months. These conversions should be completed by mid-1983. Furniture and equipment are under acquisition, but there has been a two year delay because of unresponsive bids. Satisfactory curricula have been developed. Because of the delays to this project, the Closing Date was extended to December 31, 1984.

Ck. No. 932-YDR Fisheries II Project: \$10.0 million Credit and \$3
million EEC Special Action Credit of August 10, 1979;
Effectiveness Date: April 3, 1981; Closing Date: June
30, 1987

The project seeks to increase income and economic well being in the Sixth Governorate, which is one of the poorest and most remote regions of PDKY, and consists of the construction of a fisheries-cum-general cargo port together with supporting infrastructure at Nishtun; the construction of fish receiving, processing and storage facilities together with the development of an efficient system for exploiting fish; and the construction of a 19 km road to provide a link between the new port and the nine fishing villages which would supply fish under the project. The project also includes technical assistance comprising consultants' services to assist with project implementation and operation; experts to assist the Ministry of Fish Wealth in fleet management, cold store operations and export marketing; and a national study to assess nutritional deficiencies for a possible future IDA-financed project. The project was delayed two years because of the difficulty in finding cofinanciers. This has resulted in a cost overrun of about \$11.5 million. Negotiations with the Arab Fund to provide this supplemental financing are at an advanced stage. The contract for the construction of the port and related shore facilities has been awarded and construction has begun.

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Ck. No. 1038-YDR Aden Water Supply Project: \$13.2 million Credit of July 11, 1980; Effectiveness Date: March 27, 1981; Closing Date: December 31, 1985

The project, which constitutes the first construction stage of a long-term water supply master plan, seeks to increase the critically short supply of potable water, and meet the maximum demand up to 1987, in Aden, the capital and largest urban area in PDRY, and to rehabilitate the existing system which is fast deteriorating. It provides for the expansion of the distribution network into the poorer districts of Greater Aden to allow low-income residents to be directly connected to the public system. The project also provides for technical assistance aimed at improving PWC's management capability. Initial implementation proceeding satisfactorily.

Ck. No. 1050-YDK Petroleum Development Assistance Project: \$9.0 million Credit of July 11, 1980; Effectiveness Date: November 19, 1980; Closing Date: September 30, 1983

The project is supporting the Government's efforts to intensify the search for indigenous oil/gas reserves and assist in improving its planning of the petroleum subsector by strengthening the Petroleum Exploration Department's (PED) capacity to carry out and supervise geophysical surveys and interpret their results. It includes (a) a 15-month seismic survey to provide a loose grid of key reconnaissance seismic profiles over a large portion of the onshore area prospective for petroleum and natural gas in PDRY; and (b) technical assistance to PED for project management services, data evaluation to promote exploration acreage to foreign investors, and training of PED's staff. The primary objective is to uncover prospects sufficiently attractive to oil companies to undertake exploration in PDRY. The seismic survey is underway and implementation is proceeding satisfactorily.

Ck. No. 1144 YDR Third Highways Project: \$12.5 million Credit of July 27, 1981; Effectiveness Date: December 23, 1981; Closing Date: June 30, 1985.

The project is financing the construction of a two-lane paved road (92 km) from Naqabah to Nisab in the presently isolated Shabwah Governorate. This road is expected to stimulate agricultural production in the vicinity of these towns. It would also strengthen PDRY's road construction capabilities (i) through about 130 manmonths of consultants assistance to the Ministry of Construction (MOC) for improvement of project preparation capabilities, management, and operations of the MOC's construction units, including the independent construction unit (ICU) established under the project and (ii) through training of MOC and ICU staff including about 90 manmonths of long

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and short-term overseas fellowships. The IDA credit became effective concurrently with the loans from the two cofinanciers, the Kuwait Fund and the OPEC Fund. The management team of consultants have mobilized, consultants have been appointed to provide technical and construction supervision assistance to the Ministry of Construction, and bid evaluations for equipment for the project unit are complete and contracts with suppliers have been signed. Construction is expected to begin in May, 1982 as scheduled.

Ck. No. 1145-YDR Wadi Beihan Agricultural Development Project: \$8 million
Credit of July 27, 1981; Effectiveness Date: Not yet
effective; Closing Date: December 31, 1987.

The project is designed to increase agricultural production and farm income on about 4,000 ha. of mixed spate (flood) and well irrigated lands in the Beihan subgovernorate by rehabilitating the spate irrigation network and improving the groundwater irrigation system of Wadi Beihan and by providing technical assistance, farm inputs and agricultural equipment for Wadi Beihan and Wadi Ain. It would establish a program of hydrometeorological observations in Wadi Beihan for improving knowledge of its water resources and ensuring their optimal utilization. In addition, it would improve access between agricultural and population centers in Wadi Beihan by constructing feeder roads, and improve the nutrition of the local population by increasing production of fruits, vegetables and meat. Initial implementation is proceeding satisfactorily, a project manager has been appointed and recruitment of other key staff is under way, and bid documents for staff housing are under preparation. A cofinancing loan agreement for \$6 million equivalent has been signed with the International Fund for Agricultural Development (IFAD).

Ck. No. 1159-YDR Al Mukalla Water Supply Rehabilitation Project: \$3.5
million Credit of July 27, 1981; Effectiveness Date:
December 23, 1981; Closing Date: December 31, 1985.

The project will rehabilitate the existing water supply system of Al Mukalla, the second largest city in PDRY and prepare detailed plans of new water production facilities for this city. It provides for an immediate increase in water production to meet water demands up to 1985 and for the expansion of the water distribution network into the poorer sections of Al Mukalla. The project also provides for the formulation and implementation of a health education program designed to encourage the population in Al Mukalla to improve health practices and sanitary conditions. It further includes: hydrogeological studies needed for the design of the water production facilities; an urban growth study to forecast the pace of urbanization in the Al Mukalla area and to plan for the expansion of basic urban services in this area. A total of 122 manmonths of consulting services is provided. The project would provide substantial health and environmental benefits to the population of Al Mukalla. Initial implementation is proceeding satisfactorily.

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN
THIRD EDUCATION PROJECT

Supplementary Project Data Sheet

Section I: Timetable of Key Events

- | | |
|---|--------------------------------|
| (a) Project first presented to IDA | April 1980 |
| (b) Time taken by PDRY to prepare the project | One year (May 1980 - May 1981) |
| (c) Agency which prepared the project | Ministry of Education |
| (d) Departure of Appraisal Mission | May 1981 |
| (e) Completion of negotiations | February 1982 |
| (f) Planned Date of Effectiveness | July, 1982 |

Section II: Special IDA Implementation Action

None.

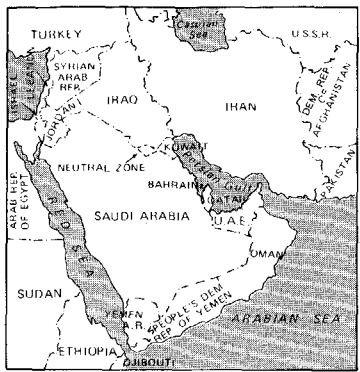
Section III: Special Conditions

The Borrower would:

- (1) prepare and submit for IDA review local instructor training programs for the combined commercial technical institute and for the agricultural technical institute, which are scheduled to open in October, 1985, not later than 18 months prior to the scheduled opening date (paras. 44 and 45);
- (11) appoint sufficient counterpart staff by October 31, 1982, that is three months prior to the start of the studies included in the project, currently scheduled for January, 1983. Not later than six months after their completion to forward the studies to IDA for its review and comment and thereafter implement the measures which are agreed to be appropriate (para. 50);
- (111) ensure that the Ministry of Education a) maintain adequate consultation with local and other bodies responsible for education to ensure the continued relevance of curricula; and b) use the evaluation mechanisms, including a tracer study for analysis of job placement, established under the Second Education Project (Credit 865-YDK), to evaluate the relevance of the curricula of the commercial and agricultural institutes to the needs of the pertinent economic sectors and to monitor employment opportunities;

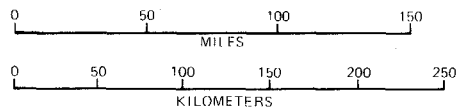
and to review the results of the evaluations with IDA. This system would begin in the year that the first students graduate and continue for five years (para. 52);

- (iv) establish an evaluation committee within the Ministry of Education by March 31, 1984 to review the effectiveness and operations of the two mobile building maintenance units during the first year of operations, and within six months to forward the report of the committee to IDA for its review and comments, following which the Government would implement the agreed recommendations according to a mutually acceptable timetable (para. 53); and
- (v) submit the audited accounts and the annual audit report to IDA not later than six months after the end of each fiscal year (para. 54).

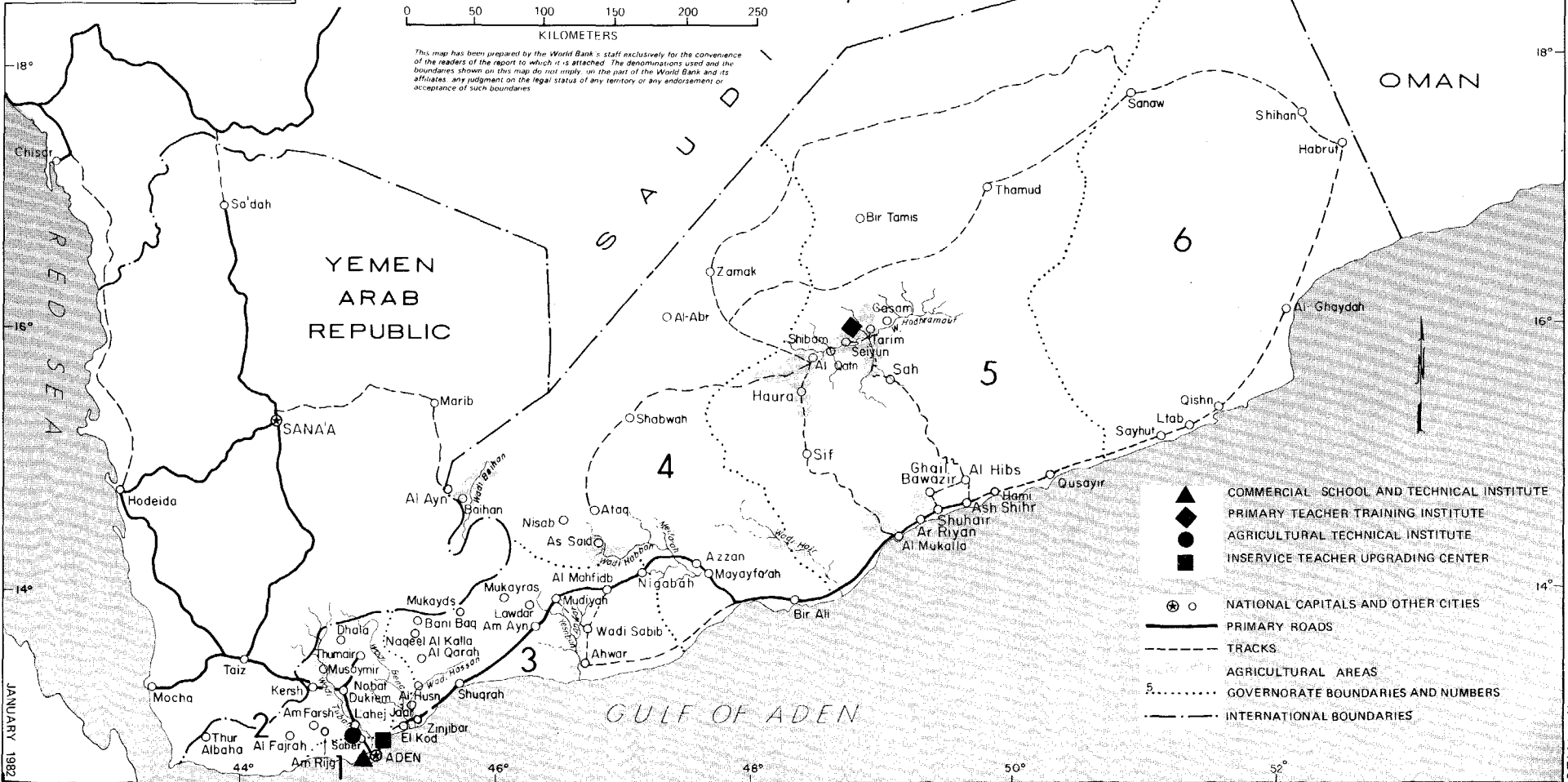


PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

THIRD EDUCATION PROJECT



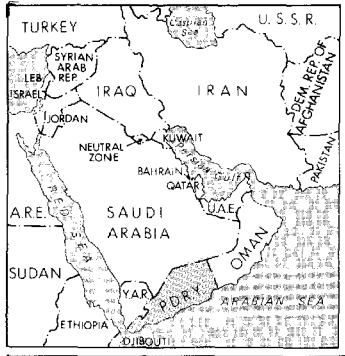
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- ▲ COMMERCIAL SCHOOL AND TECHNICAL INSTITUTE
- ◆ PRIMARY TEACHER TRAINING INSTITUTE
- AGRICULTURAL TECHNICAL INSTITUTE
- INSERVICE TEACHER UPGRADING CENTER
- ⊙ NATIONAL CAPITALS AND OTHER CITIES
- PRIMARY ROADS
- - - TRACKS
- AGRICULTURAL AREAS
- 5..... GOVERNORATE BOUNDARIES AND NUMBERS
- - - INTERNATIONAL BOUNDARIES

JANUARY 1982

IBRD 16126



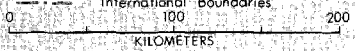
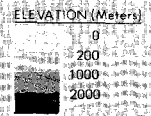
PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN IDA-ASSISTED PROJECTS BY SECTOR

- PROJECTS:**
- Agriculture
 - Fisheries
 - Petroleum Exploration Assistance
 - Education
 - Highways
 - Power Stations
 - Transmission Lines
 - Water Supply
 - Port Development

PROJECT	FISCAL YEAR APPROVED
HIGHWAYS I	1971
FISHERIES I	1973
EDUCATION I	1975
HIGHWAYS II	1975
ADEN PORT REHABILITATION	1976
WADI HADRAMOUT AGRICULTURE	1976
WADI TUBAN AGRICULTURE	1978
WADI HADRAMOUT POWER	1978
WATER SUPPLY ENGINEERING & TECHNICAL ASSISTANCE	1978
EDUCATION II	1979
FISHERIES II	1979
PETROLEUM DEVELOPMENT ASSISTANCE	1980
ADEN WATER SUPPLY	1980
HIGHWAYS III	1981
WADI BEIHAN AGRICULTURE	1981
MUKALLA WATER SUPPLY ENGINEERING	1981



- EXISTING FEATURES:**
- Governorate Capitals
 - National Capital
 - Ports
 - Rivers and Wadis
 - Primary Roads
 - Secondary Roads
 - Governorate Boundaries
 - International Boundaries



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